ISLANDS TRUST

ANNUAL REPORT
2007-2008

Islands Trust

Preserving Island communities, culture and environment

ISLANDS TRUST **ANNUAL REPORT** 2007-2008

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Message from the Islands Trust Council Chair

Fiscal 2007/08 represents the mid-term point in the three year term of the 2005-2008 Islands Trust Council. This term of office can best be summarized within the major theme of "implementing and managing change".

On a more personal and poignant note, Trust Council members will especially remember the June 13-15, 2007 Trust Council meeting on North Pender Island where we recognized the life and accomplishments of South Pender Trustee John Henshaw, who passed away on May 25, 2007. A Douglas fir tree was planted in his memory by the Islands Trust at Greenburn Lake in the Gulf Islands National Park Reserve on South Pender Island.

At that memorable June meeting we also:

- renewed our Trans-boundary Agreement with San Juan County Council and celebrated the release of "*A Place in the Islands*";
- chose to give Community Stewardship Awards to the Salt Spring Island Alternate Gypsy Moth Control Program, the Gambier Island Conservancy, the Pender Post, Karl Hamson of Pender Island, Jenny Brown McLeod of Gabriola Island, and Ursula Poepel of Pender Island;
- received a verbal update on the status of the Local Planning Services Review from the new Director of Local Planning Services (Mac Fraser);
- issued two Natural Area Protection Tax Exemption Certificates; and
- passed resolutions coming from the Governance Task Force to formally request the provincial government to make amendments to the *Islands Trust Act* regarding political representation that would cause four local trustees to be elected from the Salt Spring Island Local Trust Area to sit on the Salt Spring Island Local Trust Committee and would cause four local trustees from the Salt Spring Island Local Trust Area to sit as full members on the Islands Trust Council.

Trust Council's overall objective for the 2005-2008 term is to increase the capacity of the Islands Trust to serve the public and to improve upon our ability to fulfill the "preserve and protect object" as mandated under the *Islands Trust Act*. We recognize the ongoing need for the Islands Trust to continue to evolve and improve in order to meet increasingly complex and challenging issues and uncertainties facing island communities as the 21st century unfolds.

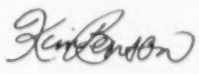
In response to changing times, the Islands Trust Council has developed an ambitious and forward-thinking Strategic Plan, and has embarked upon a bold, principled and resolute course of action: setting priorities, analyzing options, making decisions, and implementing those decisions to achieve results. Primary areas of focus have been on making measurable improvements in efficiency, effectiveness, and accountability at all levels within the Islands Trust.

In order to put the Islands Trust on a firm financial foundation while improving services to the islands, Trust Council adjusted the budget accordingly and re-built depleted reserves in fiscal 2007/08. In March 2007, following the adoption of the annual budget for 2007/08, Trust Council adopted and began implementing its Strategic Plan.

Progress has been made, but more is yet to be done. The Islands Trust Council and staff are committed to working in partnership with island communities, other agencies, and First Nations.

We will continue to implement and manage positive change. And we will continue to improve the Islands Trust's ability to *"preserve and protect the Trust Area and its unique amenities and environment for the benefit of the residents of the Trust Area and of British Columbia generally, in cooperation with municipalities, regional districts, improvement districts, other persons and organizations and the government of British Columbia."*

Kim Benson, Chair, Islands Trust Council



Message from the Islands Trust Fund Board Chair

As chair of the Trust Fund Board, I take great pleasure in highlighting some of the conservation work the Islands Trust Fund has undertaken this past year. The Islands Trust Fund continues to be one of British Columbia's leading conservation trusts, playing a fundamental role in protecting fragile ecosystems and cherished places for rare and endangered species, island residents, and British Columbia as a whole.

Using the latest data about island ecosystems and following the criteria in our Regional Conservation Plan, we are setting priorities and making science-based decisions about covenants and acquisitions. The Islands Trust Fund continued to protect more land this year. Four new conservation covenants were registered on North Pender and Salt Spring Island, two through the Natural Area Protection Tax Exemption Program (NAPTEP). We also completed four management plans for existing nature reserves and undertook monitoring visits to all of our protected properties to ensure the natural values that were protected are being maintained.

The Islands Trust Fund and the Lasqueti Island Nature Conservancy undertook an ambitious fundraising campaign to raise $250,000 to contribute to the protection of a 38.5 hectare property adjacent to Squitty Bay Provincial Park on Lasqueti Island. With this contribution, the Ministry of Environment was able to acquire the beautiful oceanfront property, quadrupling the size of the provincial park.

The Islands Trust Fund continues to be one of British Columbia's leading conservation trusts.

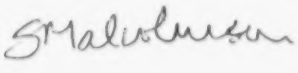
Partnering with local island conservancies, the Islands Trust Fund undertook a diverse range of stewardship education activities including green workshops and landowner contact programs.

The Trust Fund Board remains committed to long term strategic and adaptive planning. In December, 2007, the board submitted a new Islands Trust Fund 2008-2012 Five-Year Plan to Community Services Minister Ida Chong. In addition, we recently completed our 2007-2008 consultative review of the Regional Conservation Plan. The Trust Fund Board's Long Term Funding Committee continues to work to identify mechanisms for securing long-term funding for the Trust Fund Board that is substantial, reliable and sustainable.

As of March 2008, the Trust Fund Board owned 18 nature reserves and held an additional 51 conservation covenants in 12 of the 13 Local Trust Areas, protecting 877 hectares of ecologically sensitive land.

With another year completed, we are celebrating many great successes. As Chair of the Trust Fund Board, I continue to be inspired by the passion and drive demonstrated by island residents every day in effort to preserve the qualities that make these islands so special. The Islands Trust Fund Board and staff look forward to continuing to work with partner agencies, communities, and landowners to protect special places and habitats in the Gulf and Howe Sound Islands.

Sheila Malcolmson, Chair, Islands Trust Fund Board



Message from the Chief Administrative Officer

After more than 17 years with the Islands Trust and four years as CAO, it continues to be an honour to work with islanders to protect the unique amenities and environment of the Islands Trust Area.

This year was a memorable and ambitious one for the Islands Trust, as we launched or completed formal reviews and overhauls of most of our core functions to improve our efficiency and effectiveness: Local Planning Services, Corporate Services, Trust Area Services, Bylaw Enforcement, Elections Administration and Governance.

We started the new fiscal year with an approved budget of $5.5 million, and a new director of Local Planning Services, Mac Fraser, who immediately began a comprehensive review of the way we deliver our land use planning services to each local trust committee. Over the past several years, our land use planning work has increased significantly without a related increase in the number of planning staff. The review investigated where and how new staff should be added to keep up with our communities' need for these services.

We also reinstated a senior position to address many of the concerns that islanders raise that require interactions with other levels of government and First Nations, external communications and policy development. We hired Lisa Dunn to fill this new position as our Director of Trust Area Services in the fall of 2007. The vacancy created as Lisa left the Islands Trust Fund management position was filled by Jennifer Eliason, former Executive Director of the Habitat Acquisition Trust. Craig Elder carried on as our Treasurer and Director of Administrative Services, making significant improvements in our budgeting process and human resources functions.

The strategic agenda set by Trust Council early in the current term helped focus the management team's attention on Council's highest priority tasks.

The strategic agenda set by Trust Council early in the current term helped focus the management team's attention on Council's highest priority tasks. In addition to our focus on internal review and improvements, we were proud to complete the following significant accomplishments:

- distribution of over 1500 copies of "A Place in the Islands", our award-winning publication, developed with our partners in the San Juan Islands of Washington State;
- completion of an extensive review of our internal governance structure, including 12 public meetings throughout the Trust Area, culminating in a request to the Minister of Community Services for legislative changes to the *Islands Trust Act*;
- improvements to our Local Planning Services unit that provides land use planning services to each of our island communities;
- successful conclusion of two significant court cases that were decided in favour of the Islands Trust—both decisions enhanced the ability of local trust committees and local governments throughout British Columbia to manage land use on behalf of their communities and were financially supported by the Union of BC Municipalities;
- endorsement of the BC Climate Action Charter at the Union of BC Municipalities conference in Vancouver;
- conclusion of significant community reviews of Official Community Plans on Mayne and North Pender islands; and
- significant work towards increasing the size of protected areas, particularly through fundraising for the Iverson Tyler property on Lasqueti Island and the acquisition of Mt. Artaban Crown land on Gambier Island.

Like all level of governments, the Islands Trust faces new challenges related to a highly competitive labour market and a shortage of land use planners throughout western Canada. Our Council has recognized the importance of attracting and retaining a strong workforce to be effective in the work we do on behalf of islanders, and has supported several initiatives aimed at ensuring that the Islands Trust remains an employer of choice. In the 2007-2008 year, we improved our staff training program and initiated a formal program to recognize the excellent work and commitment of our staff. Our staff reports a high level of satisfaction with employment at the Islands Trust and a strong connection with our provincial mandate. At the December 2007 meeting of Trust Council, the first annual recognition awards were presented to the following staff:

- Champion Award – Ardice Todosichuk
- Excellence in Leadership Award – Clare Frater
- Exceptional Team Effort Award, Salt Spring Office – Pauline Brazier, Mark Brodrick, Alison Fox, Gerry Hamblin, Sheila Johnson, George Leukefeld, Claire Olivier, Brodie Porter and Justine Starke.
- Service Excellence Award – Robert Quill
- Service Excellence Honourable Mention – Christine Pritchard, Kathy Voakes.
- Unsung Hero Award – Kathy Voakes
- Unsung Hero Honourable Mention – Barb Dashwood, Rachel Harrison and Sharon Lloyd-deRosario.

Linda Adams, Chief Administrative Officer, Islands Trust

The Islands Trust Area

The Trust Area covers the islands and waters between the British Columbia mainland and southern Vancouver Island, including Howe Sound and as far north as Comox, with the exception of Texada Island. It is approximately 5200 square kilometres (2000 square miles) in size and has a resident population of approximately 25,000.

Located in the Strait of Georgia and Howe Sound, the Trust Area is a unique and special place—a scenic archipelago of 13 large islands and more than 450 smaller islands and islets. The area provides habitats for an exceptional variety of species: more than 200 types of migratory and resident birds and numerous species of fish and other marine and inter-tidal life, terrestrial wildlife and vegetation. Outstanding scenery and recreational resources include panoramic viewpoints, sheltered bays, protected marine waterways and anchorages, all of which contribute to the beauty, appeal and tranquility of this area.

The unique natural environment of the islands in the Strait of Georgia and Howe Sound has given the area national recognition. Realizing this, the government of British Columbia enacted special protective legislation in 1974 entitled the *Islands Trust Act*. The *Act* states that the object of the Islands Trust is to "preserve and protect the Trust Area and its unique amenities and environment for the benefit of the residents of the Trust Area and of British Columbia generally, in cooperation with the municipalities, regional districts, improvement districts, other persons and organizations, and the government of British Columbia".

Organization and Responsibilities

The Trust is a unique federation of independent local governments, including the Bowen Island Municipality, which plan land use and regulate development in the Trust Area. Like other communities in British Columbia, island communities elect their local representatives every three years.

Two local trustees are elected for each group of islands designated as a local trust area or island municipality. For the twelve local trust areas, the two local trustees, together with an appointed chair from the Executive Committee, are responsible for the land use decisions within their local area. For the Bowen Island Municipality, the two local trustees are part of a seven-member council that is responsible for all functions of a local government, including land use decisions. Unlike the Bowen Island Municipal Council, each local trust committee has jurisdictional authority for the smaller islands and water that surround the major island in that local trust area.

The Islands Trust consists of a number of distinct corporate entities: the Trust Council, Executive Committee, twelve local trust committees and Trust Fund Board. The Bowen Island Municipality is also located within the Islands Trust Area. Two municipal trustees represent the Bowen Island Municipal Council on Trust Council. The Bowen Island Municipal Council has responsibilities related to the *Islands Trust Act*.

The Islands Trust Council

The twenty-six member Trust Council establishes general policies for carrying out the object of the Islands Trust. The Council also adopts an operational budget for the Islands Trust and manages the financial undertakings of all parts of the Islands Trust except for the Trust Fund, which manages its own operations. Trust Council appoints staff and auditors and adopts an annual budget. Tax levies on properties within the Trust Area are the primary funding source for the operations of the Islands Trust; additional revenue comes from a provincial grant and development application fees.

The *Islands Trust Act* requires Trust Council to implement a Trust Policy Statement that is applicable to the whole Trust Area. The Minister of Community Services must approve the Policy Statement before it is adopted. The Policy Statement provides broad policy guidelines for Trust Council, the Trust Fund Board and the local trust committees and island municipality regarding the protection of ecosystems, the stewardship of resources and the promotion of sustainable communities. The positions and philosophy of Trust Council contained in the Policy Statement also constitute a policy framework for reference by the public and other agencies such as the regional districts of the Trust Area, the Province and its agencies.

Trust Council has three standing committees of trustees—the Local Planning Committee, Trust Programs Committee and Financial Planning Committee—which provide policy advice to Trust Council on issues referred by the Council and on committee initiatives.

Executive Committee

The Executive Committee comprises the Chair of the Islands Trust Council and three Vice-Chairs, all of whom are elected for a three-year term by Trust Council from among its members. The Executive Committee carries out the daily business of the Islands Trust and reviews the bylaws of local trust committees to ensure compliance with the Islands Trust object and the Policy

Statement. The Executive Committee also acts as a local trust committee for a particular part of the Trust Area that is not included in any of the local trust areas or the island municipality.

Local Trust Committees / Island Municipality

A local trust committee exists for each group of islands designated as a local trust area under the *Islands Trust Act*, except for Bowen Island, which is an island municipality.

Each local trust committee has three members—two locally elected trustees and one Executive Committee member who serves as Chair. A local trust committee is responsible for land use planning and regulation for its area of jurisdiction. The responsibilities include preparation and adoption of Official Community Plans, Land Use Bylaws, zoning and subdivision bylaws, regulation of soil removal and deposit, and authorization of permits under Part 26 of the *Local Government Act*.

The Bowen Island Municipality is served by a seven-member Council which holds broad municipal powers including land use planning. Two of the councilors are elected by the community to serve as Municipal Trustees on Trust Council.

The *Islands Trust Act* sets out that local trust committees must submit all bylaws to the Executive Committee for approval before they can be adopted. Island municipalities must submit an Official Community Plan to the Executive Committee for approval before adoption. Any island municipality bylaw that refers to matters included in the Islands Trust Policy Statement also requires Executive Committee approval. The *Islands Trust Act* and municipal letters patent establish the necessary procedures, should the Executive Committee find a bylaw at variance or contrary to the Policy Statement.

Trustees of the Islands Trust 2007-2008

Bowen	Alison Morse
	Peter Frinton
Denman	Louise Bell
	David Graham
Gabriola	Sheila Malcolmson
	Gisele Rudischer
Galiano	Michael Sharp
	Roy Smith
Gambier	Kim Benson
	Joyce Clegg
Hornby	Ron Emerson
	Tony Law (elected September, 2007)
	Cari St. Pierre (from December 2005 to May, 2007)
Lasqueti	Bronwyn Preece
	Rose Willow
Mayne	Jeanine Dodds
	Gary Rowe
North Pender	Ken Hancock
	Gary Steeves
Salt Spring	George Ehring
	Peter Lamb
Saturna	Brian Hollingshead
	Tom Johnstone

South Pender	Bruce McConchie
	Wendy Scholefield (Elected September, 2007)
	John Henshaw (from December 2005 to May, 2007)
Thetis	Sue French
	Peter Luckham

Note: Two by-elections were held in September 2007 to fill vacant trustee positions on Hornby and South Pender Islands. The Hornby position was vacated by Cari St. Pierre in May, 2007. South Pender Local Trustee John Henshaw passed away on May 25, 2007.

Executive Committee	Kim Benson, Chair (Gambier Island)
	Giselle Rudischer, Vice-Chair (Gabriola Island)
	Gary Steeves, Vice-Chair (North Pender Island)
	Rose Willow, Vice-Chair (Lasqueti Island)

Trust Fund Board

The Trust Fund Board consists of up to six members. Two members are elected Islands Trust trustees who are selected by Trust Council, one member is from Executive Committee and up to three members are appointed by the Minister of Community Services for terms of one to three years.

As the conservation land trust of the Islands Trust, the Islands Trust Fund acquires and manages land for conservation, receives donations of land, conservation covenants and cash to help preserve places of natural significance or cultural value within the Trust Area, and undertakes stewardship education activities. The Islands Trust Fund provides tax receipts for all eligible donations.

Every five years, the Trust Fund Board prepares a Trust Fund Plan for approval by the Minister of Community Services. The plan establishes policies regarding the operations of the Islands Trust Fund. Recently the Trust Fund Board adopted a Regional Conservation Plan to guide its policy and operations when receiving conservation proposals, applying for Free Crown Grants, determining its annual work program and measuring its success in protecting natural places. The Trust Fund Board reviews the Regional Conservation Plan annually as part of an adaptive management process.

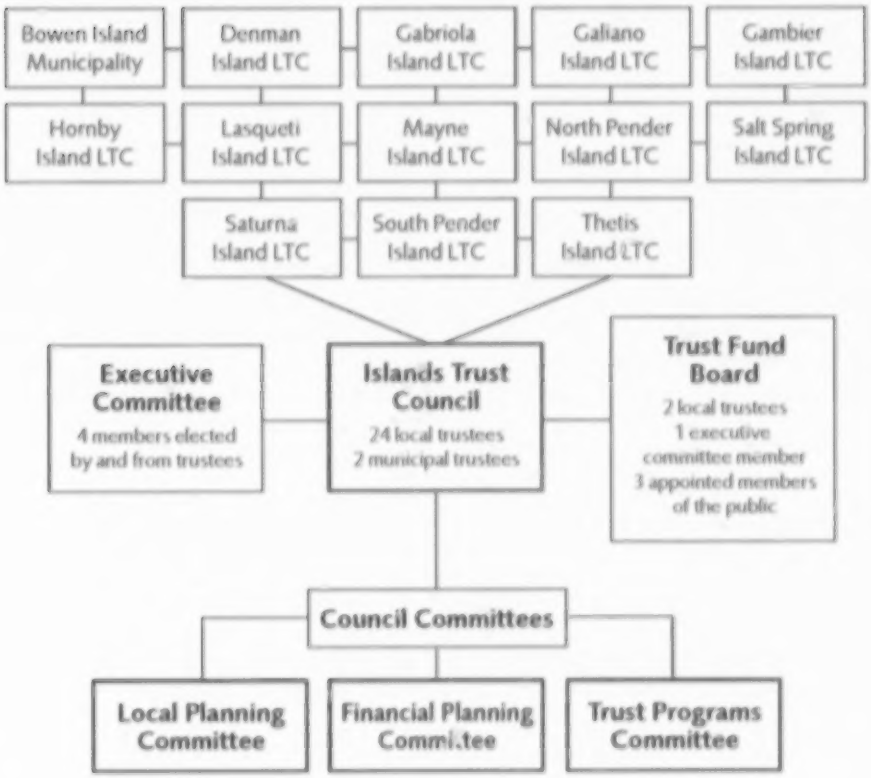
Trust Fund Board Members

Sheila Malcolmson, Gabriola Island (January 2006-present, Chairperson, January 2007-present)
Peter Lamb Salt Spring Island (January 2006-present)
Gary Steeves North Pender Island (January 2006-present)
David Borrowman, (Appointed Member, March 2004-December 2007) Salt Spring Island
Marie Potvin, (Appointed Member, November 2004-December 2007) Victoria
Bruce Whittington (Appointed Member March 2004-present) Ladysmith
Michael Dunn (Appointed Member January 2008-present) Mayne Island
Christine Torgrimson (Appointed Member January 2008-present) Salt Spring Island

Islands Trust Legislative Structure Chart

Islands Trust Legislative Structure

Local Trust Committees and Island Municipalities



Strategic Plan for the 2005-2008 Term

Trust Council uses a strategic plan to set priorities and goals for each term. A strategic plan was drafted in 2006 and was updated in March 2007 to provide greater alignment between Council's strategic priorities and budget allocation. The strategic objectives of the plan are:

Part 1 Sustainable Environment

We can create a legacy for the future by protecting our natural environment:

- We will identify areas in greatest need of protection and use the information to protect these areas through covenants, acquisitions and other tools.
- We will consider regulatory tools to protect the most sensitive environments.
- We will find ways to encourage environmental sustainability and stewardship through education and incentives.

Part 2 Healthy Communities

Our island communities need effective and efficient government services:

- We will foster healthy, complete and livable island communities.
- We will manage growth in the Trust Area in a manner that respects our provincial mandate and the wishes of island communities.
- We work to strengthen citizen participation in local government.

Part 3 Excellence in Governance

We will strive for excellence in governing the Islands Trust Area:

- We will provide leadership in seeking sustainable and fair forms of political representation for the Islands Trust Area.
- We will provide good value, implement fair taxes and fees and seek new and diversified funding sources to support special initiatives.
- We will strive for excellence in public service and work to attract and retain a strong and skilled workforce.

The work undertaken by Trust Council flows from this strategic plan. A copy of the 2008 plan is available on the Islands Trust web site at http://www.islandstrust.bc.ca/tc/pdf/tcstrategicagendamar2008.pdf

Public Input Always Welcome

The Islands Trust Council meets quarterly, and members of the public are welcome to attend. Community members can make a delegation to the Council or participate in a town hall session, which is a forum held regularly to promote informal dialogue between islanders and trustees. Twenty-five delegations made presentations to the Islands Trust Council in 2007-2008.

Regular meetings of local trust committees are also open to the public. In addition, many residents and property owners become directly involved by becoming members of advisory committees and commissions.

Information on ongoing activities is available from notice boards on most of the islands, in island newspapers and newsletters, from the local trustees and Islands Trust staff and through the Islands Trust electronic newsletter. Those interested may also subscribe to the Islands Trust electronic news service and visit the Islands Trust website at www.islandstrust.bc.ca.

1. Executive Committee

The Executive Committee has a variety of responsibilities. In addition to the responsibilities of individual members serving as chair of local trust committees, the committee advocates for Trust Council, plans and promotes communications for the Islands Trust, liaises with the provincial government and conducts other functions as directed by Trust Council.

Executive Committee Advocacy

In response to concerns raised by communities through their elected trustees, Trust Council passed several resolutions in 2007-2008 and the Executive Committee took action accordingly.

Support for Agriculture

In September 2007, Trust Council passed the following resolution regarding the provincial slaughter regulations:
That the Islands Trust Council request the Chair to write to the BC Minister of Agriculture expressing the Trust's concern that inadequate slaughter facilities exist to service farmers within the Islands Trust Area, and that the Trust encourages the Ministry to maintain its support of community initiatives to establish appropriate local facilities to service the Trust Area.

In March 2008, Trust Council passed the following resolutions regarding normal farm practices and farm tax assessment:
That the Islands Trust Council request the Chair to write to the BC Minister of Agriculture and the Farm Industry Review Board requesting that they consider organic farming to be a normal farm practice in the Islands Trust Area.

That the Islands Trust Council request the Chair to write to the Minister of Small Business and Revenue, Rick Thorpe and to the Farm Tax Review Panel, apprising them of the relevant Islands Trust policy and Trust Council's support for a fair, enlightened and sustainable approach to farm tax assessment in the Trust Area.

Support for the Environment

In December 2007, Trust Council passed the following resolution regarding gypsum dust in Plumper Sound:
That the Islands Trust Council requests the Chair to write to the Minister of Transport Canada objecting to the offloading of industrial freight such as gypsum in Plumper Sound.

Support for Ferry-dependent Communities

In December 2007 Trust Council passed the following resolution regarding BC Ferries:
That Islands Trust Council request the Chair to write to Transportation Minister Kevin Falcon expressing Trust Council's profound disappointment in the Minister's decision to not adjust government

funding to BC Ferries to keep ferry fare increases to tolerable levels, which will result in substantial socio-economic harm to our ferry-dependent communities, residents and local businesses.

Minutes of all Trust Council meetings, including resolutions, are on-line at www.islandstrust.bc.ca/tc/minutes.cfm.

Letters from the Islands Trust Council Chair are on-line at www.islandstrust.bc.ca/news/chaircorrespondence.cfm.

Communications

News Releases

The Islands Trust issued 52 news releases in 2007-2008 on a wide range of subjects, including public input on governance options, bylaw enforcement, public input on the annual budget, quarterly Islands Trust Council meetings and agendas, Community Stewardship Awards, land conservation activities, Official Community Plans and staff appointments.

Islands Trust news releases are distributed to local media throughout the Islands Trust Area and outlying media interested in the area, other elected officials, and other interested agencies and governments, as well as subscribers to the Islands Trust electronic distribution service.

Islands Trust Publication Wins Two Awards

Two awards were won in 2007 by A Place In The Islands, an Islands Trust project designed to provide information and generate awareness of the unique benefits and challenges of living on an island in this special part of the world. This public education tool is the result of a cross-border partnership between the Islands Trust and the San Juan Preservation Trust in Washington State—two bodies that share many issues in common.

The publication received an honourable mention award in the Best Practices category of the Community Excellence Awards at the annual convention of the Union of BC Municipalities. This award recognizes local government projects throughout British Columbia. Fifty nine local government projects were in the running.

The publication also received a Communications Leadership award in the first province-wide awards offered by the Canadian Public Relations Society. This award is bestowed on communications professionals who demonstrate the highest ethical and professional standards while performing outstanding work. Together these awards acknowledge the cooperative work of Laura Stringer, Communications Specialist for the Islands Trust, and Kathleen Foley, Director of Education and Outreach of the San Juan Preservation Trust, who coordinated the project.

The publication, released in March 2007, covers a wide range of topics ranging from water conservation to green building practices. Because this book is intended as a public education tool, copies are being provided free of charge to the main target audiences, namely people new to the islands, and to reference groups such as libraries. It is also available on-line at www.islandstrust.bc.ca/poi/apiti.cfm.

E-News

Four issues of the Islands Trust electronic newsletter, subscribed to by nearly 800 people, were distributed during 2007-2008. The newsletter is designed for everyone interested in the activities of the Islands Trust. To subscribe, please visit www.islandstrust.bc.ca/subscribe/default.cfm.

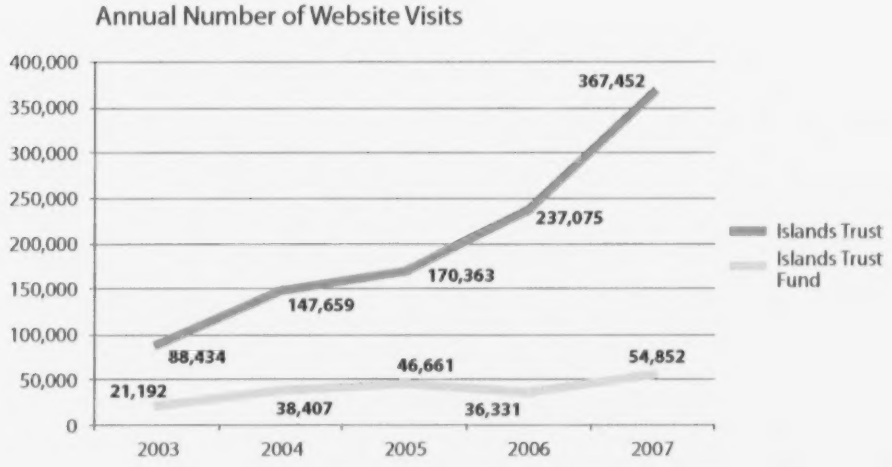
Web Site Activity

In 2007-2008, there were 367,452 visits to the Islands Trust website, 54,852 visits to the Islands

Trust Fund website, and 3,961 subscribers to the e-mail distribution system. On average there were more than 35,000 visits to the two sites on a monthly basis.

The Islands Trust updated and improved local trust committee homepages by adding features such as:

- A "Latest News" section, as well as the ability to subscribe to the latest news, so subscribers can keep up-to-date and receive the latest information on official community plan reviews, staff reports, notifications and other documents published in the latest news section for a local trust committee.
- The ability for the public to make submissions to public hearings about a specific bylaw on-line (including the ability to upload submissions in Word or PDF formats). This is available directly on the meetings schedule page for each local trust committee.



Provincial Liaison

The Executive Committee continued to liaise with the Province regarding various aspects of the Islands Trust mandate, for example:

A meeting with the Honourable Ida Chong, Minister of Community Services on December 10, 2007, regarding the requests from Trust Council for changes to the *Islands Trust Act*. Each request was based on background research, an extensive review by staff and the Trust Council and public consultation on the proposed changes. The Executive Committee also provided updates regarding current initiatives of the Trust Council and the Trust Fund Board.

Other Executive Committee Highlights

San Juan County

The Islands Trust Council hosted an annual meeting in June 2007 on North Pender Island with the elected Council of San Juan County, WA, to discuss issues of mutual interest and concern to their island communities, such as climate change, sustainable tourism and healthy communities. The two governments, representing the interests of more than 642 islands within Howe Sound, Georgia Basin and Puget Sound, also renewed their transboundary agreement.

The two agencies share common values, such as protecting significant terrestrial and marine environmental features, preserving the unique quality of life on the islands, managing the

impact of population growth and development in a manner consistent with the values of island communities and encouraging island communities to achieve and maintain a viable economy.

The agreement focuses on identifying current and emerging transboundary issues; sharing information; undertaking research and policy development projects; promoting communications and public education; and supporting cooperative initiatives with other organizations, government agencies and the private sector.

Bowen Island Municipality

In September 2007 Trust Council arranged a meeting with Bowen Island Municipality, the only municipality within the Islands Trust Area, to discuss issues of mutual interest and concern such as a protocol agreement between the two agencies, Crown land acquisition and protection, the Natural Area Protection Tax Exemption Program and the current governance review.

Islands Trust and the Union of British Columbia Municipalities Annual Convention

Chair Kim Benson and Vice-Chairs Gary Steeves, Gisele Rudischer and Rose Willow represented the Islands Trust Council at the annual convention of the Union of BC Municipalities (UBCM) in Vancouver, September 24-27, 2007. Chief Administrative Officer Linda Adams and Director of Local Planning Services Mac Fraser also attended the convention.

While at the UBCM convention, Trust Council Chair Kim Benson signed the BC Climate Action Charter on behalf of the Islands Trust Council, which had endorsed the Charter by resolution earlier in September. Signatories to the Charter agree to develop strategies to make their operations carbon-neutral by 2012, measure greenhouse gas emissions and foster more energy-efficient communities.

During the convention Islands Trust representatives also attended several workshops and participated in a number of informal meetings with provincial ministers, MLAs, provincial government staff, regional district board members and staff, federal government staff, and a variety of other agencies.

Trust Council Presentations

As part of Trust Council's plan for continuous learning, the Executive Committee arranged the following presentations during Trust Council quarterly meetings:

- by the University of Victoria and the Ministry of Environment on an introduction to Climate Change Impacts and Adaptation,
- by BC Healthy Communities on a province-wide initiative designed to improve BC residents' health and well-being, and
- by Parks Canada on the Gulf Islands National Park Reserve and the proposed National Marine Conservation Area.

Formal Complaints Received

Islands Trust policy requires the reporting of any administrative fairness complaints received each year. There were none in 2007-2008.

2. Trust Area Services Highlights

Director of Trust Area Services

Lisa Dunn, former Manager of the Islands Trust Fund, filled the position of Director of Trust Area Services in September 2007. Executive Committee had asked Linda Adams to combine this position into her new CAO duties, but it became apparent the advocacy program, communications and other area-wide programs were suffering and so Trust Council decided to reinstate the position in this fiscal year.

The Islands Trust and Climate Change

In September 2007, Trust Council Chair Kim Benson signed the BC Climate Action Charter on behalf of the Islands Trust Council, which formally endorsed the charter by resolution. Signatories to the charter agree to action in three areas:

- carbon neutral operations by 2012,
- measuring and reporting on greenhouse gas emissions, and
- fostering energy efficient communities through land use planning.

The budget for 2007-2008 formally recognized climate change for the first time, allocating $20,000 to be used to match funds with partners such as the Capital Regional District during the development of a "Climate Change Adaptation Study." Although these funds were not needed due to a change in the CRD's plans, climate adaptation work will continue in the future, depending on the availability of funds and expertise to conduct elevation mapping and develop science-based scenarios.

In June 2007, Trust Council held a training session for all trustees about climate change adaptation, with presenters from the BC Ministry of Environment and the Pacific Climate Impacts Consortium (PCIC). In March 2008, three staff members attended a two-day workshop for local government called "Getting to Carbon Neutral."

BC Hydro conducted energy audits in June 2007 on Saturna, Salt Spring and Gabriola islands and offered to do further electricity audits if requested. Audit reports will go to Trust Council in June 2008.

At Trust Council in March 2008, $10,000 was approved in program funding for the 2008-2009 fiscal year to hire a co-op student to develop an initial strategy identifying ways for the Islands Trust to meet its commitments under the Climate Action Charter. Implementation of a strategy, including the purchasing of carbon offsets, is expected to require additional resources in future years.

Other climate change initiatives across the Trust Area include the Salt Spring Island Local Trust Committee's investment of $15,000 in July 2007 for a report by Holland Barr Planning Group on the implications of different settlement patterns on Salt Spring Island for greenhouse gas emissions. This report and a number of local initiatives under the heading of "Community Energy Planning" can be found at http://www.islandstrust.bc.ca/poi/energy.cfm

Natural Area Protection Tax Exemption Program

The Natural Area Protection Tax Exemption Program (NAPTEP), launched in 2005, is currently available to Gulf Island landowners in the Sunshine Coast Regional District and the Capital Regional District. The program provides landowners who permanently protect natural features of their land through conservation covenants the opportunity to receive a 65% exemption in property taxes on the protected portion of their land.

In 2007-2008 Trust Council issued two Natural Area Exemption Certificates in the Salt Spring Island Local Trust Area. The My Whim NAPTEP Covenant protects a two hectare area of forested rock knoll, swamps and wetlands, including a portion of McFadden Creek. The Polden NAPTEP Covenant protects more than three hectares and features varied terrain that included forests, wetlands, rocky ridge-tops covered with moss and wildflowers and a 60-metre cliff.

As of March 2008 there are eight properties in the Natural Area Protected Tax Exemption Program. In total, 46.69 hectares (115 acres) of private land are protected through the program.

Following a program review, NAPTEP was revised to streamline the application process to provide more flexibility for applicants participating in the program. Changes to the program include:

- a simplified fee structure,
- annual monitoring provided by the Islands Trust Fund at no additional cost to the landowner, and
- improved flexibility in the application of the standard NAPTEP covenant to allow applicants to tailor the conservation covenant to the needs of their land.

Information about the program, including a recently released Applicant's Guide to Calculating NAPTEP Costs and Benefits, is available at www.islandstrustfund.bc.ca/naptep.cfm.

First Nations Relations and Protection of Archaeological Heritage Sites

Trust Council's Strategic Plan for 2005-2008 includes a desire to protect archaeological sites from development. The first step towards achieving this objective is to enter into protocol agreements with each of the First Nations with traditional territory on the islands. This process has been delayed due to staff vacancies and more urgent priorities, but significant progress was made with the Hul'qumi'num Treaty Group (HTG) in 2008 (see below).

On February 6, 2008, staff and elders from the HTG, and staff from BC's Archaeology Branch provided a training session to all Islands Trust staff on the protection of archaeological resources. The event was practical as well as inspiring, as staff learned to access new information available through the provincial Remote Access to Archaeological Data (RAAD) system.

As much as is possible with current data, staff are improving the way archaeological resources are considered during the review of development applications. The Financial Planning Committee proposed that the implementation of protocol agreements be deferred for consideration in the 2008-2011 term.

Many weeks of senior staff time were dedicated in 2007-2008 to finalizing the terms of a protocol agreement between Trust Council and the Hul'qumi'num Treaty Group (HTG), which include Chemainus, Penelakut, Lyackson, Cowichan, Lake Cowichan and Halalt.

At the invitation of senior staff of the HTG in October 2007, Islands Trust staff struck a working group to finalize an agreement and develop detailed and specific steps for staff to follow when working with archaeologically important sites. At the next meeting of Trust Council, a representative of the HTG asked Trust Council to support the agreement and its implementation. Trust Council then instructed staff to consult with the HTG, legal counsel and with the relevant local trust committees regarding the October 31, 2007 draft "Memorandum of Understanding: Protection of First Nation Heritage Sites" and prepare a final draft for Trust Council's consideration in March 2008.

A February 29th version of the Agreement was developed at a meeting between Islands Trust staff and HTG representatives and was submitted to Trust Council in March. This draft incorporated input from the HTG, the Archaeology Branch of the BC Government, the Ministry of Community Services, local trust committees, Islands Trust senior planning staff and Islands Trust legal counsel. This precedent-setting agreement was approved in principle by all the relevant local trust committees in March 2008 and awaits review by the members of the HTG.

The BC/Alberta Trade, Investment and Labour Mobility Agreement (TILMA)

Following presentations from concerned citizens in December 2006 about the potential effects of TILMA on local land use regulations, Trust Council resolved *"that if the Union of BC Municipalities' (UBCM) analysis of the BC/Alberta Trade, Investment and Labour Mobility Agreement reveals negative impacts on local government authority, then the Executive Committee convey to the Province that the Islands Trust Council opposes any legislation or agreement that diminishes its ability to achieve the object of the Islands Trust Act."*

In late March 2007, the Islands Trust received a letter and package regarding TILMA from Minister Colin Hansen in which the minister addressed the effects of the Agreement on the Islands Trust. Minister Hansen's letter stated that TILMA *"does not restrict the ability of local governments to make bylaws that are in the best interests of their citizens, such as zoning bylaws, height restrictions or rules applying to signage. Nor does it require changes to land use decisions applying to areas like sign bylaws, building height restrictions, zoning, agricultural land reserves or parks."*

The Islands Trust continued to assess the information available, particularly that provided by the Union of BC Municipalities. In July, 2007, the Islands Trust wrote to Minister Hansen indicating that the assessment was leading to the conclusion that TILMA could have unintended and unexpected consequences that would diminish the ability of the Islands Trust to carry out its legislated object. The Islands Trust also identified several areas of concern. That letter and the Minster's reply are available on the Islands Trust web site at: http://islandstrust.bc.ca/news/chaircorrespondence.cfm.

Minister Hansen's response of August 14, 2007, assured the Islands Trust that the Ministry of Economic Development is working with the Union of British Columbia Municipalities to finalize a formal consultation agreement on TILMA. UBCM is continuing to assess the agreement and to represent the interests of local governments. The Islands Trust Executive Committee and staff continue to monitor the topic and will take opportunities, as necessary, to provide input in the future regarding TILMA.

Governance Task Force – Request to Province for Greater Salt Spring Island Representation

Following a formal governance study and extensive public input in 2007, the Islands Trust Council asked the provincial government to make changes to the *Islands Trust Act* to increase political representation on Salt Spring Island by adding two trustees to be elected from the Salt Spring Island Local Trust Area to sit both on the Salt Spring Island Local Trust Committee and at the Islands Trust Council table.

Changes to political representation within the Islands Trust can only occur if the Legislative Assembly agrees to make the necessary amendments to the *Islands Trust Act*. Following a written request in July 2007, representatives of the Islands Trust met with Minister of Community Services Ida Chong to explain the request and the underlying rationale. The increase in representation is considered a reasonable option for incremental change that will improve local governance in the Trust Area. If the Minister concurs with the request, the legislative amendments are expected in 2008.

The decision by Trust Council to make this request was based on recommendations from the Governance Task Force, which was established by the Council in 2006 to focus on the overall goal of improving governance in the Trust Area during the 2005-2008 term of office. The task force includes thirteen of the twenty-six elected trustees.

This decision recognizes the need for a larger decision-making body in the largest and most complex community in the Trust Area. The Salt Spring Island Local Trust Area includes 25%

of the land in the Trust Area and 40% of the population. As well, it contributes 40% of Islands Trust revenues that come from property taxes. The proposed change in representation is seen as a small but necessary adjustment to recognize the anomaly that the Salt Spring Island Local Trust Area represents within the Islands Trust. It is Trust Council's position that the changes proposed will enhance the ability of the Salt Spring Island Local Trust Committee to be open, effective and responsive to its constituents.

During the public consultation regarding this request, 264 people attended 11 public meetings, 139 surveys were completed and 43 letters and e-mails were submitted to the Islands Trust in advance of Trust Council's final deliberations. The Islands Trust established a webpage allowing the public to access information regarding the Governance Task Force and read the public input that was received. The information is available at www.islandstrust.bc.ca/tc/gtf.cfm

The Governance Task Force also identified a number of other governance issues. Topics under study are internal finance and resource allocation issues, inter-agency coordination and policy related to the Islands Trust mandate, all of which are important to improving local governance. Work was also initiated to improve coordination with the Capital Regional District on Salt Spring Island.

The task force included the following 13 trustees from across the Islands Trust Area:

Louise Bell, Denman Local Trustee
Sheila Malcolmson, Gabriola Local Trustee
Kim Benson, Gambier Local Trustee
Alison Morse, Bowen Municipal Trustee
George Ehring, Salt Spring Local Trustee
Gisele Rudischer, Gabriola Local Trustee
Peter Frinton, Bowen Municipal Trustee
Roy Smith, Galiano Local Trustee
Ken Hancock, North Pender Local Trustee
Gary Steeves, North Pender Trustee
Brian Hollingshead, Saturna Local Trustee
Rose Willow, Lasqueti Local Trustee
Peter Lamb, Salt Spring Local Trustee

All task force meetings were open to the public to observe, although some parts of meetings may have been *in camera* as permitted under the *Community Charter.*

3. Local Planning Services Highlights

Director of Local Planning Services

Mac Fraser, former CAO of the Village of Cumberland, joined the Islands Trust as the Director of Local Planning Services in May 2007 after the departure of Wayne Quinn in late 2006.

Terrestrial Ecosystem Mapping (TEM) in the Coastal Douglas-fir Zone

Some of the rarest species in Canada are found in the Coastal Douglas-fir Biogeoclimatic Zone, which covers a small area of British Columbia's south coast, including lower elevations on southeastern Vancouver Island, the Gulf Islands and a fringe of mainland along the Georgia Strait. With less than one half of one percent of old forests left in this zone, it is no surprise that it

is considered a priority area for conservation in British Columbia.

Recognizing the rarity of Coastal Douglas-fir forests, the provincial government, including the Integrated Land Management Bureau, the Ministry of Forests and Range, and the Ministry of Environment, partnered with the Islands Trust and Parks Canada to map Douglas-fir ecosystems throughout the Coastal Douglas-fir Biogeoclimatic Zone. The mapping was done to Terrestrial Ecosystem Mapping (TEM) standards, a set of standards developed by the Province, and was completed at the end of March 2008.

Both the Islands Trust and Islands Trust Fund will use TEM to inform land use decisions and guide conservation plans. Mapping has been completed on Salt Spring, Mayne, North Pender and South Pender Islands; other islands in the Coastal Douglas-fir Biogeoclimatic Zone were field checked. Islands Trust mapping staff will next begin to work on creating Sensitive Ecosystem maps for all islands, except those in Howe Sound, which are outside of the Coastal Douglas-fir Zone. This mapping layer is scheduled for completion by the end of 2008.

Enforcing Community Bylaws

Considerable community effort goes into the development and adoption of land use bylaws in local trust areas, and there is an expectation by communities that those bylaws will be enforced. Trust Council's Strategic Plan includes the goal of reviewing and improving bylaw enforcement. In the 2007-2008 year, Municipal Information Ticketing bylaws were completed for Thetis Island and Gabriola Island and were in development for Denman Island. New policies and procedures for staff reports were completed, and an independent review of bylaw enforcement was completed by an independent consultant. Improvements to date include monthly bylaw compliance working group meetings, regular litigation updates with cost estimates going to Executive Committee and a Draft Compliance Management Strategy.

The majority of bylaw infractions involve land use zoning contraventions, such as operating a business not allowed in a residential area. Other infractions involve siting, density, short-term vacation rentals and development permits. The Islands Trust has two full-time-equivalent bylaw enforcement officers.

In accordance with the Islands Trust Council policies regarding bylaw investigations and enforcement, enforcement actions are primarily triggered by complaints from residents, claiming that individuals or corporations are not complying with the local land use regulations. Efforts are then made to investigate complaints, educate violators and obtain voluntary compliance with a community's bylaws. In most cases, violators have a variety of options, including ceasing or amending their operations, or applying for variances or required permits. Islands Trust staff estimate that more than 90% of bylaw investigation files are resolved without legal action. Court action is only taken after other avenues to achieve compliance have failed.

In the past year the Islands Trust has seen the annual number of active bylaw enforcement cases remain relatively constant with 135 active files as of March 2008. Individuals who believe there may be a violation can file a complaint, either on-line at www.islandstrust.bc.ca or by letter to the nearest Islands Trust office.

Islands Trust Wins Ganges Marina Court Case on Salt Spring Island

In June 2007, the Supreme Court of British Columbia released Reasons for Judgment that decided a significant court case in favour of the Islands Trust, one that confirms the ability of local governments in BC to regulate shoreline development with zoning bylaws.

In his Reasons for Judgement, Mr. Justice Tysoe concluded that the Salt Spring Island Local Trust Committee's Land Use Bylaw applies to the floating structure used as an office by Ganges Marina, and that it contravenes the bylaw. He ordered Ganges Marina to either remove the structure from the marina or bring it into compliance with the bylaw by July 20, 2007.

The case dates from May 2006, when Islands Trust bylaw enforcement staff requested Ganges Marina to remove a floating structure (known locally on Salt Spring Island as the "float camp") from the Marina, as it did not comply with Salt Spring's zoning bylaws and a temporary permit had lapsed. Ganges Marina refused, resulting in the float camp's "second excursion into litigation waters", to quote Justice Tysoe. The float camp had been involved in litigation in an insurance claim several years ago, after it sank while being used as a sports fishing lodge.

In the current case, heard by Justice Tysoe in the Vancouver Supreme Court in May, the Salt Spring Island Local Trust Committee sought a declaration that the float camp was not permitted under its zoning bylaw. Ganges Marina argued that they were entitled to have the float camp in its present location in the Ganges Marina lease under the Land Use Bylaw, or pursuant to the temporary permit, or, alternatively, that the Land Use Bylaw did not apply to the float camp for constitutional reasons. The provincial Attorney General's office participated to argue in support of the Islands Trust's case. In reaching his decision, Mr. Justice Tysoe reviewed several legal precedents and rejected all of Ganges Marina's arguments.

With this decision, the courts confirmed the right of communities to plan and regulate their shoreline areas. The implications of this case are very significant and this victory benefits all of the islands. This case also demonstrates the strength of the Islands Trust federation. Resources from all the islands enabled the Islands Trust to defend the bylaws that the Salt Spring Island community has developed through its elected representatives.

"The Islands Trust has done a service to local governments across BC by taking this case on," said Islands Trust legal counsel Francesca Marzari of Lidstone Young Anderson. "It's a major victory that confirms local government's land use jurisdiction over the water, and will have a significant impact in BC and across Canada."

Islands Trust Wins Komas Bluff Appeal Case

In the fall of 2007, the BC Court of Appeal dismissed Dean Ellis' appeal of a Supreme Court decision in favour of the Islands Trust regarding Komas Bluff on Denman Island. The court decision confirmed the Islands Trust's earlier win in 2005, upholding the ability of local governments in BC to use development permits to protect development from naturally hazardous conditions such as unstable slopes. Due to the significance of the case for local governments in BC, the Union of BC Municipalities had committed funds in support of the Islands Trust's case.

In her Reasons for Judgement, released November 6, Madame Justice Levine concluded that the original trial judge was correct in ruling that the development permit area regulations in the Denman Island Official Community Plan were valid. She also upheld a mandatory injunction that required Mr. Ellis to remediate the lands affected when he removed trees in violation of the Denman Island bylaw and a related development permit. The decision also sets a precedent in BC regarding local government's ability to require remedial work when development permit conditions are breached.

The Supreme Court of British Columbia originally decided the case in favour of the Islands Trust in 2005. In his Reasons for Judgement at the time, Mr. Justice Groberman granted the Islands Trust's request for a clear declaration that Mr. Ellis unlawfully contravened the *Local Government Act* by altering the land in the Komas Bluff Development Permit Area without a development permit from the Denman Island Local Trust Committee. Citing Mr. Ellis' "persistence in violating the legislation" in the face of warnings from the Islands Trust, Justice Groberman also placed a permanent injunction against him that restrains him from cutting trees, clearing, developing, excavating or otherwise altering lands within 50 metres of Komas Bluff. In a further order, dated October 20, 2005, the Local Trust Committee was awarded special costs against Mr. Ellis with respect to those aspects of the litigation relating to Mr. Ellis' "deliberate misleading of the court."

The Komas Bluff case dates from 2002, when Denman Islanders complained that Mr. Ellis was removing trees from portions of his property that were within a development permit area established to protect development from hazardous conditions. Investigations by Islands Trust bylaw enforcement officers confirmed the complaints were valid. Mr. Ellis was advised by Islands Trust staff about the buffer area and the need to obtain a Development Permit before removing trees.

When Mr. Ellis continued to remove trees from the development permit area, the Islands Trust filed a legal claim against him in September 2003, seeking an injunction and an order for restoration. The case went to court in early January 2005, and many Denman islanders provided affidavits in support of the Islands Trust's case.

Salt Spring Island Local Trust Committee Acts on Short-Term Vacation Rentals

In the fall of 2007 the Salt Spring Island Local Trust Committee initiated legal proceedings against the owners of Windrifters Cove on Scott Point Drive on Salt Spring Island in a move to enforce the local land use regulations regarding short-term vacation rentals. The Local Trust Committee was seeking an injunction restraining the property owners from marketing or renting the property for commercial guest accommodation.

The move was supported by the Islands Trust Executive Committee late in 2006, when it agreed to fund the costs of the legal action. Islands Trust Bylaw Enforcement Officers spent the summer collecting evidence regarding the use of the property. That evidence suggests that both the entire main house and the cottage on the property have been rented out to vacationers for short-term stays of a few days to a few weeks since approximately 2002, when the current owners bought the property.

Both the current and previous zoning bylaws for Salt Spring Island indicate that the property is in the Rural Zone, where commercial guest accommodation use is not permitted. "The community has said time and again that neighbourhoods should be for neighbours, and we want people to be aware that we will enforce the community's bylaw," said Miles Drew, Islands Trust Bylaw Enforcement Officer. The Writ and Statement of Claim were filed on September 12, 2007.

In 2006, the Salt Spring Island Local Trust Committee confirmed it would uphold long-standing Official Community Plan policies and zoning regulations that prohibit the use of private homes in rural and residential zones for commercial guest accommodation. The enforcement activity does not involve legal bed and breakfasts, or legal resorts, hotels and motels in commercial zones, all of which are widely available on the island. People may also continue to rent cottages as part of a bed and breakfast operation in most zones and to rent their residential properties for periods longer than 30 days to one tenant for residential use.

4. Trust Council Advisory Committees

Every term, members for three standing committees of the Islands Trust Council are appointed by the Chair to advise the Council on policy matters.

Local Planning Committee

Members
Louise Bell, Denman Island (Chair)
George Ehring, Salt Spring Island
Ken Hancock, North Pender Island
Peter Lamb, Salt Spring Island
Tony Law, Hornby Island
Peter Luckham, Thetis Island
Bruce McConchie, South Pender Island
Gary Rowe, Mayne Island
Gisele Rudischer, Gabriola Island (Executive Committee Representative)
Michael Sharp, Galiano Island

Local Planning Services Review

Over the past year, Trust Council examined the way the Islands Trust carries out its responsibility for land use planning and regulation across the Islands Trust Area in order to operate effectively and efficiently, while recognizing the varying needs of island communities. Following an extensive review of local planning services in 2007, Trust Council unanimously approved a plan to enhance service delivery by:

- increasing planning staff levels to address long standing deficiencies;
- enhancing customer service within regional offices;
- serving the Thetis Island Local Trust Area from the Northern office instead of from the Salt Spring office;
- initiating internal working groups across regions on an "as required" basis;
- establishing annual funding for scientific studies to aid Local Trust Committees in more effectively preserving and protecting the Local Trust Areas;
- implementing a "Continuous Improvement Program" using bi-monthly professional development sessions, greater involvement in regional initiatives and partnerships with academic institutions; and
- creating a performance measurement system to ensure service levels are maintained for each Local Trust Area.

In March 2008, the Trust Council funded this plan through adoption of the annual budget for Fiscal Year 2008-2009 and implementation of the plan commenced immediately thereafter.

Procedural Certainty Initiative

In response to Trust Council direction, staff in Local Planning Services (LPS) reviewed the existing development application processing procedures with a view to ensuring procedural certainty and administrative fairness. This significant effort continues into 2008.

Development Permit Guidelines for Environmentally Sensitive Areas

A prototype of Development Permit Area guidelines for environmentally sensitive areas within the Islands Trust Area was included in the review of the North Pender Official Community Plan (OCP). This initiative will now provide a useful element in other Local Trust Area OCP reviews in the future.

Protecting Riparian Areas

A model Development Permit Area bylaw for riparian area protection was presented to the Islands Trust Council in the previous year, and to date one local trust committee has adopted a local bylaw incorporating the model. Once adopted by local trust committees, the model bylaw will satisfy the requirement of the Ministry of Environment that all local governments provide a level of riparian protection that meets or exceeds the requirements under the provincial Riparian Areas Regulation (RAR). Because of the topography of the Islands Trust Area, few riparian areas are likely to be fish bearing or potentially fish bearing and thus fall under the RAR. In light of this, discussions have been initiated with the University of British Columbia to provide a cost-effective assessment of the Islands Trust Area to determine which riparian areas require the protection of a Development Permit Area bylaw.

Trust Programs Committee

Members
Sheila Malcolmson, Gabriola Island, Chair
Jeanine Dodds, Mayne Island
George Ehring, Salt Spring Island
Ron Emerson, Hornby Island
Sue French, Thetis Island
Peter Frinton, Bowen Island
Brian Hollingshead, Saturna Island
Roy Smith, Galiano Island
Rose Willow, Lasqueti Island (Executive Committee Representative)

Elections Administration Review

In December 2007, the Islands Trust initiated a review of the procedures for administering trustee elections, with the aim of making improvements for the November 2008 local government elections. Because of the geography of the Islands Trust Area, administration of Islands Trust elections is complex. The intent is to be cost-effective, while giving voters ample opportunity to cast their vote.

As with other local governments, Islands Trust elections are administered in accordance with the requirements of the Local Government Act. The Act defines many aspects of the elections process, including schedules, official notices and the way that polling stations operate. It also determines who is eligible to vote and how they register.

Normally the Islands Trust uses the services of the Regional Districts and School Districts as they hold their elections at the same time throughout the Islands Trust Area. The advantages of this method are that individual voters can register once and do all their voting at the same place. The review will help determine if this is still the best approach, and if so, how it might be improved. The review is considering alternatives that might become available if the provincial government changes the way local governments can run their elections, for example, using mail ballots.

The review undertaken in December included opportunities for opinions from resident and non-resident voters by means of an on-line survey, focusing on aspects of the elections process such as communications and the accessibility of polling stations. An independent consultant tabulated the results and developed recommendations, which were presented to the Islands Trust Council in March. At its 2008 June quarterly meeting, Council is expected to decide whether to make any changes to the elections procedures for the November 2008 local government elections.

Vacant Crown Land Profiles

In 1999, the Vancouver Island Interagency Management Committee coordinated the Public Lands Strategy to provide certainty regarding the future use of vacant Crown land in the Trust Area. Provincial agencies participated in the study of the parcels and in community meetings. The process produced maps and classifications of vacant Crown land in the Trust Area, a collation of existing data for each parcel and a technical analysis of future land use potential. Following community meetings, the Islands Trust made a commitment to return to island communities with more detailed profiles that incorporated information received from agencies, derived from published reports and submitted by islanders during the consultation process. The intent of the Vacant Crown Land Profiles is to represent the most complete collation of current knowledge regarding vacant Crown land parcels in the Trust Area.

Prior to publishing the profiles, a community review process is held for each local trust area including First Nations, community groups and government agencies. Vacant Crown Land Profiles are now available for Hornby (July 2003), Denman (July 2004), Lasqueti (March 2005), Galiano (January 2006), Salt Spring (October 2006) and Valdes (May 2007), and may be viewed on the Islands Trust website at http://www.islandstrust.bc.ca/poi/cl.cfm

The Howe Sound profiles (Bowen, Gambier, Anvil and Balenas-Winchelseas Islands) will be complete in 2008-2009.

2007 Community Stewardship Awards

The Islands Trust Council selected the recipients of the sixth annual Community Stewardship Awards on June 14, 2007 during its quarterly meeting on North Pender Island. This award program is designed to honour dedicated individuals and groups who have contributed significantly to the stewardship of the islands in the Trust Area. The awards acknowledge the efforts of groups and individuals towards protecting the natural environment or improving the community, culture or economic sustainability of an island.

Recipients of the group awards were:

- the Gambier Island Conservancy, for its fund-raising to acquire and protect Mount Artaban as a nature reserve; and
- the Salt Spring Island Alternative Gypsy Moth Control Program, for implementing an ecologically-friendly program to control the outbreak of gypsy moths.

Recipients of the individual awards were:

- Jenny Brown McLeod, of Gabriola, for her work on groundwater management and protection on Gabriola Island; and
- Karl Hamson, of North Pender, for his community service and commitment to sustainability.

In addition, two special 'Enduring Achievement' awards were presented to:

- Ursula Poepel, of North Pender, for her work in removing invasive plants on the island since 1986 and her donation of land to the Pender Island Parks Commission; and
- The Pender Post, a non-profit publication established in 1971 dedicated to building the Pender Islands community.

A total of twelve individuals and groups were nominated for the awards from six local trust areas: Gabriola, Gambier, North Pender, Salt Spring, South Pender and Thetis. The nominees' projects included invasive plant removal, a village-theme shopping centre, a marine species photo database, ground water management, land conservation, community education and outreach, promoting locally grown food and an alternative gypsy moth control program.

Financial Planning Committee

Members
Tom Johnstone, Saturna Island (Chair)
Louise Bell, Denman Island
Kim Benson, Gambier Island (Executive Committee Representative)
Brian Hollingshead, Saturna Island
Peter Lamb, Salt Spring Island
Alison Morse, Bowen Island
Gary Rowe, Mayne Island
Gisele Rudischer, Gabriola Island (Executive Committee Representative)
Gary Steeves, North Pender Island (Executive Committee Representative)
Rose Willow, Lasqueti Island (Executive Committee Representative)

Financial Plan

On March 29, 2007, the Islands Trust Council approved a new annual budget for 2007-2008 that responded to public comments and suggestions about delivering services in three priority areas: Sustainable Environment, Healthy Communities and Excellence in Governance.

The Islands Trust Area faces a number of new challenges. The rate of population growth in the Islands Trust Area—9% over the five years since the 2001 census—was almost double the Canadian growth rate of 5.4% and the provincial rate of 5.3%. In fact, the populations have more than doubled on every major island since the Islands Trust was created in 1974. This trend counters the national shift towards urbanization. Statistics Canada reported that on average, Canada's rural areas and small towns grew by only one per cent between 2001 and 2006. Fewer than 20 per cent of Canadians lived in small towns and rural areas in 2006.

A second challenge is the recent, sharp increase in property values in the Islands Trust Area. Average property values have doubled since 2001, reducing the availability of affordable housing, threatening the viability of communities and creating a substantial increase in the number of development applications. Despite these challenges, island communities count on the Islands Trust to deliver the provincial mandate to 'preserve and protect' the Trust Area, in an increasingly complex world, by protecting the environment, managing growth, governing effectively and enforcing bylaws.

Trust Council debated and voted on the budget recommended by the Financial Planning Committee, which deliberated for several months on how best to increase revenues and improve services without adding costs and whether to cut current programs in order to fund new ones. Trust Council also considered public input on the proposed budget, which the Islands Trust solicited and received earlier in March.

The budget adopted by Trust Council in March 2007 reflected a commitment to improve the effectiveness and efficiency of the Islands Trust at all levels. It improved the delivery of current services and provided new support for the work of local trust committees and bylaw enforcement. Funds were allocated to each of Trust Council's Strategic Plan priorities: sustainable environment, healthy communities and excellence in governance. The budget also allowed the Islands Trust to reinstate the Director of Trust Area Services position to assist Trust Council in dealing with a number of issues of importance to island communities, for example, ferry fare increases, the use of Crown lands, climate change and tourism.

Overall, the budget maintained current operations and addressed decreased funding from the provincial government, expected inflation and increased legal costs to defend local bylaws. The total approved budget for 2007-2008 was $5.5 million, representing an increase of approximately $818,000 over the 2006-2007 expenditures.

To accommodate the overall budget requirements Council endorsed an average increase in

property tax of $9.35 per $100,000 of assessed property value or 15%. This meant a property tax increase of approximately $37.40 for a typical trust area residential property assessed at $400,000, for a total of about $273.00 for Islands Trust taxes this year.

Bowen Island Municipality property owners pay taxes to Islands Trust based on a formula defined in the *Islands Trust Act*. In 2006-2007 the property taxes collected for Bowen Island were $156,000, compared to $178,000 in 2007-2008, an increase of 14%. Last year on Bowen Island a typical property assessed at $547,000 paid about $79.00 in taxes to the Islands Trust, and this year a typical property would pay about $84.00.

Islands Trust taxes represent 10-14% of the total property taxes paid by property owners in the Islands Trust Area (or about 3% of the tax paid by Bowen Island property owners). Although taxes are the major source of revenue for the Islands Trust, additional revenue comes from a provincial government grant and special user charges, such as application fees.

5. Local Trust Committees and the Bowen Island Municipality

There is a local trust committee for each group of islands designated as a local trust area by regulation under the *Islands Trust Act*. A local trust committee is responsible for advancing the object of the Act through land use planning and regulation for its area of jurisdiction.

Day-to-day planning activities of local trust committees and the Bowen Island municipality included application processing; public, agency and trustee inquiries; local trust committee or municipality meetings; and Board of Variance support.

Bowen Island Municipality

Councilors Alison Morse and Peter Frinton represented Bowen Island Municipality on the Islands Trust Council in the 2005-2008 term. Bowen Island Municipality produces its own annual report, which can be found on-line: http://www.bimbc.ca/files/bimlink_dec_budget/BIM%20 2007%20Annual%20Report.pdf

Denman Island Local Trust Committee

The Denman Island Local Trust Committee held a series of community meeting in the summer of 2007 to gather islanders' views on issues that need addressing in the Official Community Plan. The Committee began work on a targeted review of several policies in the Official Community Plan and regulations in the Land Use Bylaw, focusing on affordable housing and the marine environment.

Gabriola Island Local Trust Committee

The Gabriola Island Local Trust Committee met 20 times in 2007-2008 including four public hearings. The most newsworthy achievement was the review and completion of an Official Community Plan and Land Use Bylaw for Mudge and Link Islands. Bylaw 227 (Mudge Island Official Community Plan) and Bylaw 228 (Mudge Island Land Use Bylaw) were approved by the Executive Committee in March 2008.

Other work completed by the committee included reviewing the Home Occupation Regulations, updating a guide for Temporary Use Permit for Short Term Vacation Rentals, approval of a municipal ticketing bylaw and approval of rezoning for a Fire Hall on DeCourcy Island.

Other committee work included initiating housekeeping amendment bylaws, applying for a Real Estate Foundation grant for an affordable housing study, reviewing proposals for wind energy and for expansion of an island winery, and considering referrals regarding a telecommunications tower and Crown Land sales of small island lots.

In early 2008, the committee enjoyed working with Malaspina University (now Vancouver Island University) to complete a Gabriola Island Community Profile, which may be viewed online at: http://islandstrust.bc.ca/ltc/gb/pdf/gbrptcommunityprofile.pdf

Galiano Island Local Trust Committee

The Galiano Island Local Trust Committee devoted much of its time to examining options for lands zoned Forest 1. This process was an extension of previous initiatives, including facilitated discussions to explore processes and options for reviewing the forest lands in general. The Local Trust Committee started the process with bylaws 197 (OCP amendment) and 198 (LUB amendment) and held community information meetings and a public hearing on the bylaws. Part of this work included effort to draft revisions to a template sustainable forestry covenant. Further advice caused the LTC to develop replacement bylaws 199 (OCP amendment) and 200 (LUB amendment) that focused on allowing a dwelling on lands zoned Forest 1. These bylaws continue to be reviewed. As part of the ongoing review, the Local Trust Committee hosted a public meeting with the Chair and some members of the Private Managed Forest Land (PMFL) Council in order to assist in understanding the implications of the PMFL legislation.

Several development variance permit and development permit applications were reviewed during the year. One subdivision application was approved that helped create new regional park at Matthews Bluffs. A new fees bylaw was adopted and the LTC appointed a new Board of Variance.

Gambier Island Local Trust Committee

The Gambier Island Local Trust Committee began a community planning process to replace the 30-year-old regional district zoning bylaws with a new Official Community Plan and Land Use Bylaw for the associated islands (all of the islands not covered by the Keats or Gambier Official Community Plan).

Hornby Island Local Trust Committee

The Hornby Island Local Trust Committee continued making incremental amendments to the Land Use Bylaw to bring it into conformity with the Official Community Plan. These amendments include addressing tenants in common on large lots, public use lands, septic disposal regulations and other miscellaneous amendments.

Lasqueti Island Local Trust Committee

Business highlights for the Lasqueti Island Local Trust Committee include discussions about a communications tower for wireless internet and a development application from the Last Resort Society, intending to offer health care and assisted living. The committee also developed a brochure called *Living on Lasqueti* and made progress on a density review and build-out map.

Mayne Island Local Trust Committee

On July 23, 2007 the Mayne Island Local Trust Committee adopted a new Official Community Plan bylaw. This achievement resulted from a relatively focused review on selected topics that were identified as requiring attention. The Local Trust Committee appointed an Advisory

Planning Commission subcommittee to address traffic, parking, and road standards. Terms of reference were adopted to guide the work of the subcommittee. Following adoption of the new OCP, the Local Trust Committee focused on follow-up initiatives. A sensitive ecosystems mapping project for Mayne Island was presented to the committee, which then requested that a representative from Parks Canada who was involved in development of the maps participate in a public information meeting. Further work using the results of this map will proceed in the next budget year. The committee also worked on targeted amendments to the Land Use Bylaw, focusing on commercial accommodation zoning and other areas of interest. Work proceeds on the development of draft amendments. A new application fees bylaw was adopted and a new Board of Variance appointed.

North Pender Island Local Trust Committee

On January 31, 2008 the North Pender Island Local Trust Committee approved a new Official Community Plan which includes a commitment to make land-use decisions based on the precautionary principle. The precautionary principle states that when an activity raises threats of harm to the natural environment or human health, precautionary measures should be taken even if some cause and effect relationships are not fully established scientifically. The new OCP also contains measures to protect sensitive ecosystems, new policies to conserve and protect the island's water supply and updated ecosystem mapping of the island. These new measures were included in response to extensive community input gathered during a three-year review. Public consultation included more than 40 meetings, recommendations from eleven focus groups, and comments from other agencies and stakeholders. The North Pender Island Official Community may be viewed on the Islands Trust website at: http://www.islandstrust.bc.ca/ltc/np/bylaws.cfm

Other initiatives in 2007 included the appointment of a Transportation Advisory Commission and an Affordable Housing Task Force to address matters that were referred by the Local Trust Committee. The Local Trust Committee adopted a policy regarding special occasion license approvals, adopted a new application fees bylaw and considered appointments to the Board of Variance. Planning continued for James Island, one of the largest associated islands within the North Pender Local Trust Area, focusing on some amendments to James Island bylaws and discussions with the proponents regarding conservation covenants. Similar discussions proceeded with the proponents of the Edgewood Estates development, another rezoning application, where the Local Trust Committee requested that the applicants grant covenants to restrict tree removal and to identify future parklands. A community information meeting and public hearing were held regarding the Edgewood application.

Salt Spring Island Local Trust Committee

The official groundbreaking of a new $4.9 million housing development—Murakami Gardens—for individuals and families at risk of homelessness and people with mental health issues took place in June 2007. The 27-unit development is scheduled to open in May 2008 and will be operated by Salt Spring Island Community Services. Murakami Gardens is the result of partnerships between all three levels of government (federal, provincial and the Islands Trust), the Capital Regional District, the Murakami family, the Real Estate Foundation of BC and Salt Spring Island Community Services. The Islands Trust granted zoning that allowed for higher than normal density and negotiated a housing agreement to be registered against the property title to ensure the housing units remain affordable. The project also won a Community Challenge prize for energy efficiency offered by the provincial Energy Savings Plan and received $15,000 to be used towards the project.

The Official Community Plan review process was well underway during this period. The Local Trust Committee held several community information meetings to gather feedback from

the community on the OCP and a number of focus group reports were received on targeted subject areas determined by the community. Two areas, amenity zoning/density transfer and secondary suites and cottages for affordable housing, were subjects of special attention. The committee received input on the existing amenity zoning and density transfer policies and was looking for input on secondary suites and cottage to be used for affordable housing. This phase of the OCP review process is scheduled for completion in the fall of 2008.

Saturna Island Local Trust Committee

The Saturna Island Local Trust Committee considered a number of rezoning proposals during the year. A rezoning application at Eastpoint was considered and then withdrawn. A rezoning for a dock proposal at Saturna Beach was reviewed, and proposals were considered for heritage designation of the Saturna Community Club hall. A bylaw enforcement policy regarding travel trailers was adopted that distinguished between recreational use of travel trailers and use of such trailers for a more permanent residential purpose. A rezoning application was adopted that provided for protection of a large forested area. The topic of short-term vacation rentals was discussed, and further initiatives are underway on that topic. A new application fees bylaw was adopted. The Local Trust Committee appointed new members to the Board of Variance.

South Pender Island Local Trust Committee

The South Pender Island Local Trust Committee adopted a new fees bylaw and appointed a new Board of Variance. An additional new member was also appointed to the Board of Variance. A rezoning proposal by Bedwell Harbour Marina Ltd. at Poets Cove was considered, but the applicants withdrew the application later in the year. A parkland proposal was reviewed as part of a subdivision proposal, with the Local Trust Committee consulting with the Pender Islands Parks Commission, who advised that alternative proposals would be viewed more favourably. The Local Trust Committee received a proposal from the Pender Islands Parks Commission for amendments to the Official Community Plan regarding parks, and discussions proceeded on those requests.

Thetis Island Local Trust Committee

The Thetis Local Trust Committee has implemented municipal ticketing as an interim measure to seek bylaw compliance, has started a new mapping program and has appointed an Advisory Planning Commission to begin a review of the Official Community Plan and Land Use Bylaw expected to be completed by 2011.

6. Islands Trust Fund Board

The Trust Fund Board administers the Islands Trust Fund, a conservation land trust established in 1990 to preserve and protect unique ecological features in the Islands Trust Area. As one of British Columbia's leading conservation trusts, the Islands Trust Fund works with Trust Area communities to protect special places in perpetuity through voluntary land donations, conservation covenants, land acquisition and stewardship education.

As of March 2008, The Trust Fund Board protects 877 hectares of natural and cultural values on 69 properties with a combined value of more than $31 million.

Islands Trust Fund Five Year Plan

The *Islands Trust Act* requires the Trust Fund Board to prepare and submit to the Minister, at least every five years, a plan for the Islands Trust Fund. The *Islands Trust Fund 2003-2007 Five-Year Plan* expired in December, 2007. The Trust Fund Board submitted a 2008-2012 plan to Community Services Minister Ida Chong for Ministerial Approval in late 2007. The plan outlines policies on the acquisition, management and disposal of property and policies on investment of money. The plan was endorsed by Islands Trust Council after consultation with all Local Trust Committees and the Bowen Island Municipality in 2007. The plan will be posted to the Islands Trust Fund website once it receives Ministerial Approval.

New Fundraising Committee Established by Trust Fund Board

In May, 2007, the Trust Fund Board established the Long-term Funding Committee to work with staff to identify mechanisms for securing long-term funding for the Trust Fund Board that is substantial, reliable and sustainable. The committee aims to produce a comprehensive funding strategy with achievable, measurable goals for Trust Fund Board approval by September, 2008.

Louise Bell (Denman Island Local Trustee) is chair of the committee. Other committee members include Trust Fund Board members Sheila Malcolmson (Gabriola Island Local Trustee), Gary Steeves (North Pender Local Trustee), Peter Lamb (Salt Spring Island Local Trustee) as well as Trust Fund Board appointed members Bruce Whittington, Michael Dunn and Christine Torgrimson.

Conservation Covenant Donations in 2007-2008

In addition to two new NAPTEP covenants in 2007-2008, the Trust Fund Board received two new conservation covenants protecting land on North Pender Island and Salt Spring Island. These new protected areas bring the total number of properties protected by the Islands Trust Fund through conservation covenants to fifty-one.

King Lot 12 Covenant, North Pender Island
Marilynn King donated this conservation covenant to protect a 0.69 hectare waterfront property with Douglas-fir and Western red cedar forests. The covenanted area includes an ecologically-rich foreshore area containing rare plant communities and a healthy forest used by many bird species. Bald Eagles and blue-listed Great Blue Herons are seen frequently on the property. As a sign of her commitment to maintaining the property's natural habitat forever, the landowner donated $15,000 for a covenant endowment.

Richardson Covenant, Salt Spring Island
This 1.75 hectare covenant donated by Ann Richardson, one of the founders of the Salt Spring Island Conservancy, is near Beaver Point and Ruckle Provincial Parks. The structural diversity of the maturing forest on the property provides key habitat for rare species such as the Lewis Woodpecker, the Red-legged frog, and the Dun Skipper butterfly, as well as endangered plant communities.

Squitty Bay Park Expansion Fundraising Campaign

The Lasqueti Island Nature Conservancy and the Islands Trust Fund partnered in 2007 to raise $250,000 to protect the Iversen/Tyler property next to Squitty Bay Provincial Park on Lasqueti Island. The partnership succeeded in raising the funds through contributions from individual donors and a number of conservation organizations, including the BC Trust for Public Lands, BC Marine Parks Forever Society, the Nature Trust of British Columbia and The Land Conservancy of British Columbia. With this $250,000 contribution, the Ministry of Environment purchased

the beautiful 38.5 hectare oceanfront property, quadrupling the size of Squitty Bay Provincial Park.

The Iversen/Tyler property features almost a kilometre of coastline with sheltered bays and beaches, older forests, a heritage orchard, a salmon-bearing creek, and windswept coastal bluffs. The property is a fine example of the endangered Coastal Douglas-fir ecosystem, which is in urgent need of protection as it is under extreme pressure from development.

Opportunity Fund Supports Local Island Community Projects

The purpose of the Opportunity Fund is to provide funding to partner agencies working on regionally important conservation projects. The Fund provides support for hard-to-fundraise costs associated with land protection, or is used to lever increased donations to land acquisition projects. It is funded by donations from the general public and proceeds from the sales of Islands Trust Fund birthday calendars. The Regional Conservation Plan guides the allocation of funds from the Opportunity Fund.

In July, 2007, the Trust Fund Board gave a $5,000 matching grant from the Opportunity Fund to encourage donations to the Squitty Bay Park Expansion fundraising campaign to purchase a 38.5 hectare waterfront property adjacent to Squitty Bay Provincial Park on Lasqueti Island. The Islands Trust Fund and the Lasqueti Island Nature Conservancy worked with the Lasqueti community to raise a total of $250,000 to contribute to BC Parks' purchase of the property for protection as a park.

In February, 2007, the Trust Fund Board approved three applications to the Opportunity Fund from Gulf Island local conservancies. The Galiano Conservancy Association was awarded $5,000 to cover costs associated with adjusting the property boundary between a privately owned lot and the Great Beaver Swamp, an ecologically-rich wetland acquired by the conservancy in 2003. This boundary adjustment will complete the protection of Beaver Creek and expand the protected area of the Great Beaver Swamp. The Mayne Island Conservancy was awarded $700 from the Opportunity Fund to assist in researching conservation options for lands on Mayne Island. The Trust Fund Board gave $1,500 in matching funds to the Save Salt Spring Creekside Rainforest Appeal group and The Land Conservancy of BC. These groups raised funds to purchase 7.88 hectares (19.46 acres) of Coastal Douglas-fir forest on Salt Spring Island. This property will now protect a portion of Cusheon Creek and its associated riparian area.

Stewardship Education Activities

The Islands Trust Fund recognizes that the most influential land stewards operating in the Islands Trust Area are landowners themselves, as their daily decisions have a direct effect on the health of fragile island ecosystems. By providing ecological information and support to local landowners, the Islands Trust Fund enables landowners to make positive decisions that benefit themselves and their land.

The most influential land stewards operating in the Islands Trust Area are landowners themselves.

2007 Ecological Stewardship Program, Salt Spring Island

The Islands Trust Fund partnered with the Salt Spring Island Conservancy to implement a landowner contact program on Salt Spring Island. The program targeted owners of ecologically important properties or owners of properties near protected areas. The purpose of the program was to encourage landowners to be good environmental stewards on their properties and to inform them about the wide range of land protection options available. With funding from the Victoria Foundation, the partnership conducted site visits and individual information sessions with willing landowners and provided packages with informative information regarding Garry oak ecosystems, endangered species, alien invasive species and various land conservation options.

Green Legacies Workshop, Mayne Island
The Islands Trust Fund provided funding to the Mayne Island Conservation Society to host a "Green Legacies" workshop on Mayne Island. This workshop included information regarding the Ecological Gifts Program, conservation covenants, donations of land and the Natural Area Protection Tax Exemption Program (NAPTEP).

Conservation Information Session, Thetis Island
At the request of Sue French, Local Trustee for Thetis Island Local Trust Area, the Islands Trust Fund hosted a conservation information session and open house for island landowners interested in land conservation. The Islands Trust Fund presented information on the Natural Area Protection Tax Exemption Program and a variety of other conservation options available to landowners.

Living by Water Workshop on Salt Spring
In December, 2007, the Islands Trust Fund partnered with the Salt Spring Island Conservancy to host a 'Living by Water' workshop on Salt Spring Island. The event was intended to focus on shorelines, lakes and wetlands and their importance to Gulf Islands communities and to natural environments. The guest speaker for the workshop was Clive Callaway, co-founder of the Living By Water Project, an award-winning national initiative dedicated to helping shoreline and wetland property owners protect their property, water quality, and fish and wildlife habitats. Unfortunately, the workshop was cancelled due to poor weather conditions and power outages. The Islands Trust Fund looks forward to working with its partner agencies to bring this informative workshop to the Gulf Islands at a later and sunnier date.

2007-2008 Free Crown Grant Program

Through the Province of British Columbia's Free Crown Grant program, Trust Council and the Trust Fund Board work together to seek the sponsorship of the Minister of Community Services for parcels of Crown Land in the Islands Trust Area. When a Trust Fund Board application is granted, the title of the property is received by the Trust Fund Board and its ecological values are protected in perpetuity as a nature reserve. In 2006, the Trust Fund Board received the Elder Cedar (S'ul-hween X'pey) Nature Reserve on Gabriola Island as its first Free Crown Grant from the Province of British Columbia.

Mount Artaban Proposed Nature Reserve, Gambier Island
This 107 hectare parcel on Gambier Island covers part of Mount Artaban and will form the skyline of Gambier Island's first contiguous protected area network, totaling a 525 hectare area when combined with neighbouring parks. The forests of Mount Artaban are home to old-growth trees, a wetland, and several at-risk plant communities. The water flowing from this pristine mountain provides clean drinking water for the surrounding community and feeds aquatic habitats below. Bald eagles and Great Blue Herons are often seen in the skies above the proposed reserve, while Steller's Jays and Rufous Hummingbirds flutter in and out of its forest canopy.

This parcel is the second Free Crown Grant the Trust Fund Board will receive from the Province of British Columbia. The Board accepted an offer for the land from the Crown in 2006 subject to the completion of a survey. With the survey completed in 2007, the Trust Fund Board expects the Order in Council allowing the Integrated Land Management Branch to transfer the Mount Artaban lands to the Trust Fund Board to be signed in April, 2008.

Fairy Fen Proposed Nature Reserve, Bowen Island
In June 2007, the Trust Fund Board accepted an offer from the province for an 18-hectare wetland on Bowen Island for a new nature reserve. Known locally as Fairy Fen and by some as Mystery Marsh, this property is popular with local hikers. The wetland contains red listed plant communities and other provincially significant ecological values.

The offer came after many years of interest by community members and elected officials in protecting the important biodiversity values and after almost two years of persistence by the Trust Fund Board in applying to the province's Integrated Land Management Branch. Minister of Community Services Ida Chong sponsored the application, valued at $797,000.

As of March 2008, the Trust Fund Board is currently awaiting the completion of negotiations between the Bowen Island Municipality, the Ministry of Environment and the developers of the adjacent Cape Roger Curtis area to determine the future of the much larger unsurveyed Crown parcel which encompasses the proposed Fairy Fen Nature Reserve. If the negotiations are successful, the entire parcel could be the subject of an inter-agency transfer, and the Trust Fund Board would withdraw its Free Crown Grant application. If negotiations are unsuccessful, the Trust Fund Board will continue preparations for the acquisition of the parcel.

2008/09 Free Crown Grant Program

The Islands Trust Council, at its June 2007 meeting, supported two new Free Crown Grant applications submitted by the Trust Fund Board for properties on Galiano Island and Lasqueti Island subject to the support of the relevant Regional Districts and First Nations with a demonstrated interest in the properties. The Trust Fund Board will seek the support of these groups with the goal of addressing their concerns while protecting Crown land.

Property Management in 2007-2008

When the Trust Fund Board receives donations of land, it consults with the donor(s) regarding any specific wishes they may have for the property and considers these comments when developing management plans. The Trust Fund Board has a management plan in place for each nature reserve that it owns. In 2007-2008, the Trust Fund Board adopted management plans for Elder Cedar (*S'ul-hween X'pey*) Nature Reserve (Gabriola Island), Mount Trematon Nature Reserve (Lasqueti Island), Morrison Marsh Nature Reserve (Denman Island), and the David Otter Nature Reserve (Bowen Island).

The Trust Fund Board monitors its properties and covenants annually to ensure that the natural values that were protected are maintained. In 2007, the Trust Fund Board also did a preliminary assessment of ecological and safety risks for each of its Nature Reserves. This assessment will help to prioritize property management tasks and ensure public safety on Trust Fund Board lands.

Financial Statements of

THE ISLANDS TRUST

Year ended March 31, 2008

THE ISLANDS TRUST

Financial Statements

Year ended March 31, 2008

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FINANCIAL REPORTING RESPONSIBILITY

The accompanying statements of The Islands Trust (the "Trust") are the responsibility of management. To ensure their integrity, objectivity and reliability, management has selected appropriate accounting policies that are consistent with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The financial statements necessarily include some amounts that are based on estimates and the judgment of management with appropriate consideration to materiality.

The Trust's accounting systems and related internal controls and supporting procedures are designed and maintained to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorized use or disposition. The procedures include training and selection of qualified staff, the establishment of an organizational structure that provides a well-defined division of responsibilities, accountability for performance and communication of standards of business conduct.

The Trust Council, acting through its Financial Planning and Audit Committees, oversees management's responsibilities for the financial reporting and internal control systems. The Committees meet periodically with management and the independent auditors to satisfy themselves that management's responsibilities are properly discharged, to review the consolidated financial statements and to recommend approval of the consolidated financial statements to Trust Council.

KPMG LLP, Chartered Accountants, the independent auditors appointed by the Trust have examined these financial statements and issued their report which follows. The auditors have full and unrestricted access to the Council to discuss their audit and their related findings as to the integrity of the financial reporting process.

Chief Administrative Officer

KPMG LLP
Chartered Accountants
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7

Telephone (250) 480-3500
Fax (250) 480-3539
Internet www.kpmg.ca

AUDITORS' REPORT TO THE TRUSTEES OF THE ISLANDS TRUST

We have audited the consolidated statement of financial position of The Islands Trust as at March 31, 2008 and the consolidated statements of financial activities and fund balances and changes in financial position and the related statements of financial activities and fund balance for the general revenue and capital funds for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada

May 14, 2008

THE ISLANDS TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — STATEMENT A

March 31, 2008, with comparative figures for 2007

	2008	2007
Financial Assets		
Cash and short-term investments (note 2)	$ 2,367,072	$ 1,884,746
Accounts receivable (note 3)	89,872	55,457
Other assets	26,730	27,669
Due from The Islands Trust Fund	-	10,400
	2,483,674	1,978,272
Liabilities		
Wages and benefits payable	777,354	709,259
Accounts payable and accrued liabilities	305,576	353,914
Deferred revenue	27,045	73,513
Employee benefit obligations (note 4)	180,796	150,476
	1,290,771	1,287,162
Net financial assets	1,192,903	691,110
Physical assets (note 5)	1,167,481	1,058,026
Total net financial assets and physical assets	$ 2,360,384	$ 1,749,136
The Islands Trust Position		
General Revenue Fund (Statement D)	$ 1,192,903	$ 691,110
Capital Fund and equity in capital assets (Statement E)	1,167,481	1,058,026
Total The Islands Trust position	$ 2,360,384	$ 1,749,136

Commitments (note 6)
Contingent liabilities (note 7)

See accompanying notes to financial statements.

Approved by the Trust Council:

Trustee

Trustee

THE ISLANDS TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCES **STATEMENT B**

Year ended March 31, 2008, with comparative figures for 2007

	Budget 2008	Actual 2008	Actual 2007
Revenue:			
Property tax - general	*$ 4,995,795*	$ 4,995,795	$ 4,257,877
Property tax levy - Bowen Island Municipality	*178,060*	178,060	156,315
Provincial grant - operating	*120,000*	138,000	120,000
Fees and sales	*180,000*	138,409	187,658
Appropriation from surplus	*20,000*	-	-
Interest	*80,000*	122,541	91,127
Other income	*103,600*	136,050	93,102
	5,677,455	5,708,855	4,906,079
Expenditure:			
Council services	*788,490*	750,735	707,781
Local services	*4,135,514*	3,956,426	3,505,238
Trust Fund services	*578,451*	499,901	458,482
	5,502,455	5,207,062	4,671,501
Excess of revenue over expenditure	*175,000*	501,793	234,578
Fund balances, beginning of year	*1,749,136*	1,749,136	1,497,564
Asset acquisitions	*105,600*	151,688	89,964
Asset disposals	-	(42,233)	(72,970)
Fund balances, end of year	*$ 2,029,736*	$ 2,360,384	$ 1,749,136

See accompanying notes to financial statements.

THE ISLANDS TRUST

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION — STATEMENT C

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditure	$ 501,793	$ 234,578
Increase (decrease) in net financial assets other than cash	(19,467)	525,851
Increase in cash	482,326	760,429
Cash and short-term investments, beginning of year	1,884,746	1,124,317
Cash and short-term investments, end of year	$ 2,367,072	$ 1,884,746

See accompanying notes to financial statements.

THE ISLANDS TRUST

STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCE **STATEMENT D**
GENERAL REVENUE FUND

Year ended March 31, 2008, with comparative figures for 2007

	Budget 2008	Actual 2008	Actual 2007
Revenue:			
Property tax - general	*$ 4,995,795*	$ 4,995,795	$ 4,257,877
Property tax levy - Bowen Island Municipality	*178,060*	178,060	156,315
Provincial grant - operating grant	*120,000*	138,000	120,000
Fees and sales	*180,000*	138,409	187,658
Appropriation from surplus	*20,000*	-	-
Interest	*80,000*	122,541	91,127
Other income	*103,600*	136,050	93,102
	5,677,455	5,708,855	4,906,079
Expenditure (note 8):			
Council services	*788,490*	727,982	691,588
Local services	*4,135,514*	3,844,177	3,442,263
Trust Fund services	*578,451*	483,215	447,686
	5,502,455	5,055,374	4,581,537
Excess of revenue over expenditure	*175,000*	653,481	324,542
Net transfers to Capital Fund	*(105,600)*	(151,688)	(89,964)
Change in fund balance	*69,400*	501,793	234,578
Fund balance, beginning of year	*691,111*	691,110	456,532
Fund balance, end of year	$ *760,511*	$ 1,192,903	$ 691,110

See accompanying notes to financial statements.

THE ISLANDS TRUST

STATEMENT OF FINANCIAL ACTIVITIES AND FUND BALANCE **STATEMENT E**
CAPITAL FUND

Year ended March 31, 2008, with comparative figures for 2007

	Budget 2008	Actual 2008	Actual 2007
Expenditure (note 8):			
Council services	*$ 15,840*	$ 22,753	$ 16,193
Local services	*78,144*	112,249	62,975
Trust Fund services	*11,616*	16,686	10,796
	105,600	151,688	89,964
Deficiency of revenue over expenditure	*(105,600)*	(151,688)	(89,964)
Net transfers from General Revenue Fund	*105,600*	151,688	89,964
Change in fund balance	-	-	-
Fund balance, beginning of year	*1,058,026*	1,058,026	1,041,032
Asset acquisitions	*105,600*	151,688	89,964
Asset disposals	-	(42,233)	(72,970)
Fund balance, end of year	*$ 1,163,626*	$ 1,167,481	$ 1,058,026

See accompanying notes to financial statements.

The Islands Trust (the "Trust") is incorporated under The Islands Trust Act of British Columbia (as amended). The objectives of the Trust are to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

1. Significant accounting policies:

The financial statements of the Trust are prepared by management in accordance with generally accepted accounting principles for local governments, as prescribed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Trust are as follows:

(a) Reporting entity:

The financial statements reflect the assets, liabilities, revenues, expenditures, and changes in fund balances and in financial position of the Trust.

(b) Revenue recognition:

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

Revenue unearned in the current period is recorded as deposits or deferred revenue.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(c) Cost recoveries:

The Trust sometimes conducts work on behalf of development applicants on a cost-recovery basis. The related expenses and cost recoveries are not reported as Trust expenses and revenue so that the cost-recovery activities do not distort the financial reporting for the Trust. The net cost recovery activities are reported as accounts receivable.

(d) Fund accounting:

Funds within the financial statements consist of the general revenue and capital funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(e) Short-term investments:

Short-term investments are recorded at cost, which approximates fair market value.

1. Significant accounting policies (continued):

(f) Employee benefit obligations:

The Trust and its employees make contributions to the Public Service Pension Plan. These contributions are expensed as incurred.

Retirement allowance benefits are also available to the Trust's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(g) Physical assets:

Physical assets, comprised of capital assets and leasehold improvements, are recognized as expenditures in the period they are acquired. Donated capital assets are reported at estimated fair value at the time they are received. Physical assets are recorded at cost.

The Trust does not record amortization on physical assets in the financial statements.

The Trust is in the process of accumulating information and developing its accounting policies relating to its tangible capital assets in order to comply with the new Public Sector Accounting Board standards 3150. This new standard will be applicable to the Trust's 2010 annual financial statements. As at March 31, 2008, the cost and accumulated amortization have not yet been finalized for the individual classes of tangible capital assets and hence details concerning the major categories of tangible capital assets have not been provided.

(h) Equity in capital assets:

Equity in capital assets represents the historical cost of those capital assets. Equity increases as capital assets are acquired without incurring long-term debt or, where such debt is incurred, by the reduction of that debt. Equity decreases as capital assets are written off on disposal.

(i) Measurement uncertainty:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the period. Actual results could differ from those estimates.

2. Cash and short-term investments:

	2008	2007
Bank account balances	$ 1,669,254	$ 1,362,757
Term investments	697,818	521,989
	$ 2,367,072	$ 1,884,746

3. Accounts receivable:

	2008	2007
Opening balance - cost recoveries	$ (5,047)	$ -
Expenses for the year	37,036	84,122
Cash received in the year	(24,364)	(89,169)
Closing balance - cost recoveries	7,625	(5,047)
Accounts receivable - other	82,247	60,504
Total accounts receivable	$ 89,872	$ 55,457

4. Employee benefit obligations:

The Trust provides sick leave and certain other benefits to its employees.

	2008	2007
Vacation	$ 80,879	$ 64,275
Compensatory time off	24,696	20,500
Accrued retirement allowance	75,221	65,701
	$ 180,796	$ 150,476

Vacation and compensatory time off represent the liability for accumulated banks for draw down at future dates and/or for payout either on an approved retirement, or upon termination or death. Accrued retirement allowance represents the Trust's share of the cost to provide employees with certain retirement allowances in the year of retirement, which were estimated by an actuarial valuation completed in March 2007.

4. Employee benefit obligations (continued):

The significant actuarial assumptions adopted in measuring the Trust's accrued retirement allowance are as follows:

	2008	2007
Discount rates	6.00%	6.00%
Expected future inflation rates	3.00%	3.00%
Expected wage and salary increases	2.00%-3.00%	2.00%-3.00%

5. Physical assets:

	2008	2007
Office furniture, equipment, and computers	$ 912,999	$ 818,250
Denman Island Old School Site	10,000	10,000
Leasehold improvements	244,482	229,776
	$ 1,167,481	$ 1,058,026

Denman Island Old School Site:

In 1993/94 the Denman Island Old School Site was sold to the Trust for $10,000, which was donated by the Denman Island Ratepayers' Association who, in turn, leased the building from the Trust for 99 years for a total fee of $10. The Trust agreed to facilitate the sale of the school between School District #71 and the Ratepayers' Association and to hold title to the property on behalf of the community.

6. Commitments:

The Trust is committed to leases over rented premises and equipment. Minimum future payments in the next five years are as follows:

	Premises	Equipment
2009	$ 158,858	$ 30,219
2010	40,022	16,124
2011	480	4,095
2012	480	1,785
2013	480	1,785

7. Contingent liabilities:

In the normal course of a year, claims for alleged damages are made against the Trust. Costs, if any, are recorded when a liability and the amount is determinable.

8. Expenditures by object:

	2008	2007
Salaries and benefits	$ 2,798,949	$ 2,684,759
Travel/training and recruitment	197,144	125,187
Council and trustee costs	571,620	550,148
Office operations	842,669	642,670
Programs	386,202	365,311
Legal and elections	258,790	213,462
Equipment	151,688	89,964
	$ 5,207,062	$ 4,671,501

9. Pension plan:

The Trust and its employees contribute to the Public Service Pension Plan (the "plan"), a jointly trusteed pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration of benefits. The plan is a multi-employer, contributory pension plan. Basic pension benefits are defined. The plan has approximately 51,000 active and 30,000 retired plan members. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The latest valuation, as at March 31, 2005, indicated an unfunded liability of $767,000,000 for basic pension benefits. The next required valuation will be as at March 31, 2008 with results available in 2009. The actuary does not attribute portions of the deficit to individual employers. Employee and employer contributions to the plan were increased by 1.88% of salaries effective April 1, 2007 in accordance with the plan actuary's recommendations. Contributions to the plan by the Trust totaled $174,548 (2007 - $151,430) during the year.

10. Trust fund under administration:

The Trust administers The Islands Trust Fund (the "Fund") which is related through the composition of the Fund's Board. The Fund's Board is comprised of three members from the Trust's Council and up to three members appointed by the Minister of Community Services.

For financial reporting purposes, the Trust and the Fund are reported on separately. These financial statements present the financial position and results of operations of the Trust.

The Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. These expenses are summarized as follows:

	2008	2007
Programs	$ 362,190	$ 337,513
Board	11,529	6,068
Administration	126,182	114,901
	$ 499,901	$ 458,482

Financial Statements of

THE ISLANDS TRUST FUND

Year ended March 31, 2008

KPMG LLP
Chartered Accountants
St. Andrew's Square II
800 730 View Street
Victoria BC V8W 3Y7

Telephone (250) 480-1500
Fax (250) 480-3539
Internet www.kpmg.ca

AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of The Islands Trust Fund as at March 31, 2008 and statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the Trust Fund derives revenue from grants and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues from grants and donations was limited to the amounts recorded in the records of the Trust Fund and we were not able to determine whether any adjustments might be necessary to grant and donations revenue, excess of revenue over expenditures and Fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Trust Fund as at March 31, 2008 and the results of its operations and the changes in its fund balance for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada

May 14, 2008

THE ISLANDS TRUST FUND

Statement of Financial Position

March 31, 2008, with comparative figures for 2007

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2008 Total	2007 Total
Assets						
Cash	$ 38,425	$ 48,780	$ -	$ -	$ 87,205	$ 72,582
Receivables	-	4,344	-	-	4,344	12,369
Short-term investment	-	-	-	115,000	115,000	100,000
Inventory of fundraising items	3,705	-	-	-	3,705	4,538
Land (notes 2 and 4)	-	-	4,746,903	2,654,000	7,400,903	7,400,903
	$ 42,130	$ 53,124	$ 4,746,903	$ 2,769,000	$ 7,611,157	$ 7,590,392
Liabilities						
Accounts payable	$ 3,000	$ 326	$ -	$ -	$ 3,326	$ -
Due to The Islands Trust	-	-	-	-	-	10,400
	3,000	326	-	-	3,326	10,400
Fund Balances						
Unrestricted	39,130	-	-	-	39,130	40,752
Investment in land (note 2)	-	-	4,746,903	-	4,746,903	4,746,903
Internally restricted (note 3)	-	15,738	-	-	15,738	17,060
Externally restricted (note 3)	-	37,060	-	-	37,060	21,277
Restricted for endowment purposes (note 4)	-	-	-	2,769,000	2,769,000	2,754,000
	39,130	52,798	4,746,903	2,769,000	7,607,831	7,579,992
Contingent liability (note 6)						
	$ 42,130	$ 53,124	$ 4,746,903	$ 2,769,000	$ 7,611,157	$ 7,590,392

See accompanying notes to financial statements.

Approved by the Trust Fund's Board:

Board member

Board member

THE ISLANDS TRUST FUND

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2008, with comparative figures for 2007

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2008 Total	2007 Total
Revenue:						
Donations in cash	$ 143,201	$ 26,500	$ -	$ 15,000	$ 184,701	$ 6,167
Grants in cash	-	822	-	-	822	-
Donations of land	-	-	-	-	-	1,278,000
Rental income	-	4,675	-	-	4,675	4,750
Investment income (loss)	1,493	(3,162)	-	-	(1,669)	12,805
Sale of fundraising items	569	-	-	-	569	1,091
	145,263	28,835	-	15,000	189,098	1,302,813
Expenditures:						
Rainwater collection and education program	-	-	-	-	-	12,515
Repairs and maintenance - Alton property	-	12,423	-	-	12,423	-
Cost of sales of fundraising items	270	-	-	-	270	495
Interest expense	-	221	-	-	221	-
Donations to conservancy groups	146,000	1,729	-	-	147,729	1,930
Other	616	-	-	-	616	400
	146,886	14,373	-	-	161,259	15,340
Excess (deficiency) of revenue over expenditures	(1,623)	14,462	-	15,000	27,839	1,287,473
Fund balances, beginning of year	40,752	38,337	4,746,903	2,754,000	7,579,992	6,292,519
Interfund transfers	1	(1)	-	-	-	-
Fund balances, end of year (notes 2, 3 and 4)	$ 39,130	$ 52,798	$ 4,746,903	$ 2,769,000	$ 7,607,831	$ 7,579,992

See accompanying notes to financial statements.

THE ISLANDS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2008

The Islands Trust (the "Trust") is incorporated under The Islands Trust Act of British Columbia (as amended). The objectives of the Trust are to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

The Islands Trust Fund (the "Trust Fund") is empowered to accept donations, grants and bequests on behalf of the Trust and to hold land and other property in compliance with a Trust Fund plan approved by the Ministry of Community Services.

The Trust Fund is administered by the Trust and for financial reporting purposes, the Trust and the Trust Fund are reported on separately. These financial statements present the financial position and changes in fund balances of the Trust Fund.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Fund accounting:

The Trust Fund follows the restricted fund method of accounting for contributions.

The Opportunity Fund reports unrestricted resources.

The Capital Fund reports the assets, liabilities, revenue and expenditures related to the Fund's capital assets.

The Endowment Fund reports resources that are contributed for endowment purposes.

The Restricted Fund reports the assets, liabilities, revenue and expenditures related to internally and externally restricted assets.

(b) Short-term investments:

The Trust has adopted the CICA Handbook Section 3855, *"Financial Instruments – Recognition and Measurement"*, Section 1535, *"Capital Disclosures"*, Section 3862, *"Financial Instruments – Disclosure"* and Section 3863, *"Financial Investments – Presentation"*. Investments are classified as held for trading and stated at fair value. All gains and losses are included in excess of revenue over expenditures in the year in which they arise.

Fair values of investments of short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

1. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at estimated fair value at the date of contribution.

(d) Revenue recognition:

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the Opportunity Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as direct increases in the Endowment Fund balance.

Interest income earned on Endowment Fund resources is restricted for the purpose of maintaining certain specified property and is recognized in the Restricted Fund. Interest income of internally restricted funds is recognized as revenue of the Restricted Fund. Other interest income is recognized as revenue of the Opportunity Fund when earned.

All other forms of income are recognized as revenue of the Opportunity Fund when received or receivable.

(e) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income, dividends, net gain on sale of securities and net unrealized gains (losses).

(f) Measurement uncertainty:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

2. Land:

	Acquisition date	2008	2007
Inner Island Nature Reserve, Denman Island	1992	$ 70,000	$ 70,000
Coats Millstone Reserve, Gabriola Island	1994	100,000	100,000
Medicine Beach Nature Sanctuary, North Pender Island	1996	477,000	477,000
Cunningham Reserve, Salt Spring Island	1994	265,000	265,000
Deep Ridge Reserve, Salt Spring Island	1992	255,000	255,000
Lower Mt. Erskine Nature Reserve, Salt Spring Island	1996	284,000	284,000
Kwel Nature Sanctuary, Lasqueti Island	1997	195,497	195,497
Singing Woods Nature Reserve, Bowen Island	1999	157,000	157,000
Trincomali Nature Sanctuary, Galiano Island	2001	242,406	242,406
Horton Bayviary Nature Reserve, Mayne Island	2002	210,000	210,000
Morrison Marsh Nature Reserve	2006	438,000	438,000
Brigade Bay Bluffs Nature Reserve, Gambier Island	2006	150,000	150,000
Long Bay Wetland Nature Reserve, Gambier Island	2006	305,000	305,000
Mt. Trematon Nature Reserve, Lasqueti Island	2006	320,000	320,000
Elder Cedar Nature Reserve, Gabriola Island	2007	658,000	658,000
David Otter Nature Reserve, Bowen Island	2007	620,000	620,000
		$ 4,746,903	$ 4,746,903

3. Restricted Fund balances:

	2008	2007
Internally restricted:		
South and West Salt Spring Conservation	$ -	$ 1,696
McFadden property	15,738	15,364
	15,738	17,060
Externally restricted:		
Alton Nature Reserve - maintenance fund	10,302	21,277
Marilyn King Endowment - interest receivable	258	-
Lasqueti Acquisition Funds	26,500	-
	37,060	21,277
	$ 52,798	$ 38,337

4. Restricted for endowment purposes:

	Acquisition date	2008	2007
Alton Nature Reserve - maintenance		$ 100,000	$ 100,000
Marilyn King - covenant protection endowment	2008	15,000	-
Alton Nature Reserve, Salt Spring Island	2002	454,000	454,000
Lindsay Dickson Nature Reserve, Denman Island	2001	2,200,000	2,200,000
		2,669,000	2,654,000
		$ 2,769,000	$ 2,754,000

5. Related party:

The Trust is related to the Trust Fund through the composition of the Trust Fund's Board. The Trust Fund's Board is comprised of three members from the Trust's Council and up to three members appointed by the Minister of Community Services.

The Trust Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. The expenses are summarized as follows:

	2008	2007
Programs	$ 362,190	$ 337,513
Board	11,529	6,068
Administration	126,182	114,901
	$ 499,901	$ 458,482

6. Contingent liability:

Two properties owned by the Trust Fund Board, the Lindsay Dickson property on Denman Island, and the Alton property on Salt Spring Island, were donated on the condition that the properties be used and managed in certain ways. The Lindsay Dickson property was donated "for so long as the land is used as a nature reserve for the use, benefit and enjoyment of the residents of B.C.". The Alton property is to be held, managed and preserved for its ecological environment and scenic features and not as a recreational park. The residence, gardens and driveway are to be preserved and managed for non-profit purposes.

In the event that these properties are not managed accordingly, the properties could revert to the Province of British Columbia in the case of the Lindsay Dickson Nature Reserve, and to the Executors of the donor's estate in the case of the Alton Nature Reserve.

7. **Statement of cash flows:**

   A statement of cash flows has not been prepared as the cash flows are readily apparent in the accompanying financial statements.

8. **Fair value of financial instruments:**

   The carrying value of the Trust Fund's cash, short-term investments, receivables inventory and due to the Trust approximates their fair value due to the short period to maturity of the instruments.

Islands Trust Fund

Islands Trust

Victoria Office
200–1627 Fort Street
Victoria BC V8R 1H8
Telephone 250.405.5151

Salt Spring Office
1–500 Lower Ganges Road
Salt Spring Island BC V8K 2N8
Telephone 250.537.9144

Northern Office
700 North Road
Gabriola Island BC V0R 1X3
Telephone 250.247.2063

www.islandstrust.bc.ca

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